

## AUTARCHY POLICY IN THE THIRD REICH

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DIETER PETZINA

**AUTARCHY POLICY  
IN THIRD PARTIES  
RICH**

The National Socialist Four-year plan

GERMAN PUBLISHING ANSTALT

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## ABBREVIATIONS

AK	File complex document
Doc	Economy series the Nuremberg Documents General Representative
EC	for the construction industry general representative for Chemical
GB	questions Creation of general representative for the (war) economy
Construc tion	
GBchem	
GBW	
HW A	Army Weapons Office
IG colors	Community of interests Paint industry AG
IMT	International Military Tribunal
jato	tons per year
KL	war and vital
Mob	mobilization
moto	metric tons Per l/rfonat
NG	Nazi government series the Nuremberg Documents
NI-NID	Nuremberg Nazi Industry Series Documents Nazi
NO	Organization Series the Nuremberg Documents from
OKH	the Army High Command
OKW	High command of the Wehrmacht
P.S	Paris-Storey series the Nuremberg Documents
<b>RAZ</b>	Reichsanzeiger
RGBI	Reich Law Gazette Reich Ministry of
RFM	Finance Reich Ministry of Food Reich
REM	Ministry of War Reich Ministry of
RKM	Aviation Reich Ministry of Economics
RLM	Four-year plan
RWM	WNew economic production plan for the military
VJP	economics staff
WNE	
Wstb	

## FOREWORD

Given the formation supranational structure and more economical Large spaces after dem Second world war has the Discussion about economic self-sufficiency theirs Meaning lost. The collapse of the Axis powers brought 1945 the end of an ideology that had decisively shaped the self-image and goals of German and Italian fascism, but also of other European regimes: economic and political independence as an expression of national sovereignty. In the interwar years, this self-sufficiency ideology became the lever for the military restructuring of large economies and with instruments and expression of that exaggerated Nationalism of the European peoples, which in 1939, for the second time in this century, devastated Europe and threatened its existence war drove.

Although the roots of the Self-sufficiency thinking far reach back, until in the time of the territorial prince mercantilism of 18th century, received it its political explosiveness first in the moment, as it itself in the outgoing 19. century with the thought the nation-state sovereignty Association. This ideological renaissance was in Germany, the latecomer the industrial Revolution, from the hectic, often explosive changes in the economic and social structure since the middle of the 19th century, which made the newly created empire one of the biggest industrialized countries the VWelt become let. Against the dynamic liberal industrial capitalism connected the vulnerable layers of agriculturists and small businesses, the the state Protection before foreign competition noting the threat to national They tried to force independence, supported by the military, which in turn was in a to intense economic interweaving with dem Abroad, special one too big agricultural dependence, a threat of the defense potential. In the call after one protectionist trade policies were correct since 1870 also Parts of the Heavy industry, the commit to it still oppressive at the time Overweight the English one Industry on the world market faced. Despite this self-sufficient currents came it before 1914 only to modest Revision of the cosmopolitan, liberal economic and trade policy, if also the Symptoms for a state one "Neomercantilism" since the late Bismarck era were unmistakable. Only the beginning of the First World War with its compulsory war economy planning broke the ideological supremacy of liberals social and economic thinking and helped the autarkist slogans finally achieve a breakthrough. The experiences of the war, the Versailles Regulations and the chaos of Inflation has further encouraged this trend thus in Germany the twenties Years the fertile soil for those anti-democratic nationalism

created, and after barely one and a half decades the first German democracy to Victim fell. His final triumph could he with outbreak the World economic crisis celebrate, after already in the years before one influential direction more conservative Journalism the radical restriction on the nation with growing Success as Remedy for the heavy economic and social Crises propagated had. She became with it, frequently against your will, to ideological helper of National Socialism, the since 1933 went about it, the self-sufficiency ideas for the first Just not as war-related Interim solution to realize, but rather an anti-liberal one V\business system too sought to build that his Claim after neither "Inarxist" still "capitalist" be wanted, but one new "popular" and nation-bound" Order represent should. The concrete Expression this effort and with it the historical Model for the Currents of self-sufficiency in the first half of 20. century became the National Socialist one Four-year plan from 1936, whose Prehistory, Course and effects to represent the intent the present study is. The time of Four year plan included the six Years between Autumn 1936 and Summer 1942; she covers itself with the period most intense military and military economics On armor and the first half of war. The Institutions and economic programs of four-year plan have the German Armament potential and the face the V\Tirship in the third party Rich in so high l'v\laße certainly, that him within the economic and Armament policy of the National Socialist regime one central role comes. The Story of four-year plan however not with the history of the state Veconomic policy between 1936 and 1942. That would be the same too much and too little. Once the four-year plan was complete everyone on him declining activities but only a, if also the most important aspect the V\Business policy those years. On the other hand he was never just Veconomic policy; his political and military Task let him and his carrier as well to one Part the general and the Armament policy become.

This spillover into other areas of state policy also makes the four-year plan an important example of the functional connection between politics and the economy. It shows the extent to which political decisions are made among the Conditions of the National Socialist leadership state were influenced by economic circumstances and interests, and conversely political demands led to deep structural changes in the economy and How itself the economic policy to a important field the disputes over influence and laughs developed in the wider area of politics. The presentation of the conflicts that openly broke out with the four-year plan within the economy, between industry and economic policy authorities and between those responsible for state economic policy should also provide information about the development of the economic policy power structure since 1936 and thus also provide information about changes in the society as a whole power relations under National Socialism.

The four-year plan has a model character in a third respect. It represented the first attempt by a highly industrialized country to establish a state-regulated "command economy" on the basis of a private capitalist system in order to adapt the German economy to the political goals of the country to a previously unknown extent to subordinate to the state. The presentation will have to show whether economic policy is a mere instrument in this close intertwining of the economic and political spheres. National Socialist Outside- and Armaments policy became or whether vice versa the four-year plan political reaction on economic symptoms of crises, one political

"Flight forward" was to escape Germany's internal problems and she to a violent one to supply solution.

This work is based on unprinted sources, especially in the first two parts. However, only to a small extent on files from the former authorities four-year plan be resorted to, there the registry of the central office of the representative for the four-year plan (Prussian State Ministry) was almost completely destroyed at the end of the war. There were some documents from subordinate authorities, such as the Reich Commissioner for Price Formation and the Reich Office for Economic Development, however, together with the few files the headquarters for one historical Depiction of Four-year plan completely would have been inadequate. Given this situation was The most important source is the material now in the Federal Archives in Koblenz from the former Defense Economics and Armaments Office of the OKW, an institution which, alongside the Four-Year Plan Office, deals most intensively with the economic problems of the Germans Armament and warfare busy has. Next to one Variety of documents from the four-year plan authorities find each other There are many statements in this inventory and Testimonies to activity of WiRüAmtes, the indirect about the Four-year plan policy provides important information. The second big one sources complex, this one study underlying lies, is the diverse, in his Explanatory value very different Material from the Nuremberg trials, especially the industrial trials following the main trial and the Wilhelmstrasse trial. As much as critical distance and caution must be maintained, especially when it comes to trial statements and explanations, there is little can the contemporary historical Research should forego the extensive material of the trials, especially since it is now possible to place some of the documents presented there again in a larger context. Finally, various holdings of the Reich Ministry of Finance, the Ministry of Economics, the Reich Chancellery and individual business associations evaluated, in which each specific aspects of Four-year plan such as the financing of new industrial facilities or the response of industrial sectors on the Four-year plan policy have found their expression. Important material was also found in contemporary magazines and newspapers and in official publications. This was of particular importance the official statistics and the Publications the economic research institutes, the together with the unpublished statistical Numbers

individual ministries and subordinate departments made it possible to quantify the economic activities of the Four-Year Plan Office.

The work was created in 1963/64 as dissertation Prof. Dr. Knut Borchardt (Mannheim University of Economics and Business). Him, who supervised the work, and Dr. Martin Broszat, who provided a lot of valuable help My special thanks go to the revision of the study. For the Support with procurement and I would like to thank Senior Archivist Dr. Dr. for providing the source material. Wagner from the Federal Archives Koblenz and Dr. Highly from the archives of the Institute for Contemporary History Munich.

D P

FIRST PART CREATION OF  
THE FOUR YEAR PLAN

## I. GENERAL BACKGROUNDS

In the In contrast to the period after the Second World War, in which the industrialized countries experienced a continuous economic boom, the period between the Get from heavy economic crises embossed, the ones before especially in Germany made political democratization very difficult and ultimately even destroyed it. After the Second World War, national bankruptcy, inflation and the associated expropriation and impoverishment of large sections of the population, a few years of economic upward development and political consolidation followed from 1924 onwards. The period of relative peace and stability ended in 1929 and was replaced by an economic crisis of previously unknown proportions in everyone industrialized countries production and National income shrank and millions dem misery the unemployment revealed became.

Along with the United States, Germany was hit hardest by the crisis. The Production index of entire German Industry In 1932/33 the production of capital goods had fallen to half the level of 1927/28 was only in 1932 another one Third of the year 1928. This decline in domestic productive power, which manifested itself most blatantly in the six million unemployed, corresponded to the decline in global economic interrelationships. This circumstance was to be of particular importance for the later four-year plan. The values of world trade turnover fell from 284.1 billion. RM in 1929 to 109.8 billion RM in 1932. Even taking into account the simultaneous fall in prices, the decline in volumes was still quite considerable. If one uses the price basis from 1913, it was 26o/o. The development in Germany went accordingly: In 1929 it was Value of foreign trade 26.9 billion RM, in 1932 still 10.4 billion Ri\F. The decline of world trade was caused by the economic crisis in Germany is high This was partly caused by the fact that the empire was the third largest importer in the world after Great Britain and the USA, and its import restrictions during the crisis years promoted a shrinking process in other countries.

This decline had an impact particularly strong in Germany A significant part of the German workforce worked for exports, and on the other hand for world trade for the German Business - in the contrast to the United States - was vital for the supply of raw materials and food. The reduction in global economic relations affected Germany all the more because the level of its self-sufficiency had greatly reduced after the Second World War. In addition to the increasing population, the main impact here was the loss of territory of Versailles contract out of. They meant the loss

<sup>1</sup> Statistical Yearbook for the German Rich 1936, S. 126.





from 75% of iron ore production, 26% lead ore production and from 7% of Industrial companies. The consequences were particularly serious in the area of nutrition separation of the agricultural surplus areas in Posen and West Prussia. 18% of potato and 17% the rye harvest, 17% of the barley, 13% of the wheat and 11% of oat yields were lost.<sup>2</sup>

This losses were economically no Danger, as long as at functioning World trade Germany so much export could, that it the import the necessary to maneuver raw materials and Financing food could. This Conditions were until 1929 given. However became already in the years before again and again occurring Trade balance deficits Share with Help offset by capital imports. In the Great Depression the absorption capacity decreased and Willingness to accept that one Countries, the ones so far German Export goods had received, and it would have one dangerous supply situation must arise, if not also the German Import requirements drastic sunk were. The Governments the crisis could it itself even still allow, through dirigiste Measures of many kinds in the interest and on Pressure the German Agriculture there the deflation of the World food prices to stay away from the German market. Temporary Foreign Exchange Allocations of the year 1931 proven itself first still as unnecessary, because that Foreign exchange requirements for Imports given the sunk income and the shielding of internal market the Foreign exchange proceeds out of the Exports not exceeded. For the time of the National Socialist era At the time of the seizure of power, the economy was still at the peak it had reached in 1932 the crisis, even if it is there and there isolated Signs one gradual improvement showed. Six million The unemployed described it tight economic room for maneuver new regimes and certain the to be taken Economic policy. Any magnification the state demand had to the Number the Unemployed reduce, brought political Prestige gain and could be for at the same time purposes of upgrading to use. It lacked included not at ideas, there in the both years before one Row from designs for Job creation programs been presented were, from those the Gereke plan under sneaker already practical

Meaning acquired had.

However, the new government was not very active in the area of economic policy in the first few months, even though Hitler was already on January 1st. February 1933 announced a four-year program: "The national government will take over the big sales the reorganization ours Economy of ours people with two huge Solve four annual plans: rescue the German farmer to preserve food and thus the nation's livelihood. Saving the German worker through a massive and comprehensive attack against the Unemployment."<sup>3</sup> The most important Decision was the Alignment of 600 million program of the empire

<sup>2</sup> Statistical yearbook for the German Reich 1921/22, p. 22ff.; Statistical yearbook for German Reich 1925, p. 18ff.

<sup>3</sup> speech Hitler's at the 1. February 1933, quoted after *Schulthd.J'* European History calendar 1955, p. 56.

Commissioner for Job Creation, Gereke, on defense projects. For further measures, Hitler first sought the support of large industry assure, the so far versus more direct Job creation had taken a negative attitude. It was only in the summer of 1933 that the Reinhardt Plan - named after the State Secretary in the Reich Finance Ministry - was launched - one own National Socialist politics the Job creation began, which was expanded to include the large motorway program in the fall of that year. Nevertheless, public investment in 1933 was only 60% of that in 1928; In 1934, with the beginning of rearmament, they were expanded significantly, so that the volume of the years before the global economic crisis was exceeded <sup>4</sup>. The expansive job creation and armaments policy - the main reason why the state claimed 15% of national income for its investments as early as 1934/35 - and the gradual economic recovery at home and abroad led to a rapid fall in unemployment rates. All of these economic policy Measures between 1933 and 1936 were later reinterpreted in propaganda terms to form the first four-year plan and interpreted as a precursor to the second four-year plan.

Armament policy and the fight against the effects of the global economic crisis have increased state intervention in economic life to a previously unknown level. It would be however It would be wrong to assume that the development that ultimately ended with the National Socialists only began the merger of the most important branches of large-scale industry with the State economic policy apparatus ended. Rather, this process should be seen in the larger context of the change from the liberal competitive capitalism of the 19th century to the monopolized and cartelized economic system of the interwar years, which required ever greater state intervention in order not to at the one for him immanent economic crises to go.

The direct interventions in the production area first especially in agriculture. The Reichsnährstand, created in 1933, was responsible for agricultural control and regulated production and distribution. The market order was perfected through a large number of laws and regulations, so that the farmer's entrepreneurial scope, including the right to dispose of his business, increasingly diminished. Industrial control was initially only possible built up hesitantly and never achieved the completeness as in the agricultural sector Sector. 1933 were especially Opportunities for intervention in the investment behavior of companies are created. There were also production requirements in order to achieve this Use of local raw materials or to promote substitutes. One of The reason was that after 1933 the world market did not absorb German export goods to the extent that would have been necessary to finance the necessary imports of agricultural and raw materials. In addition, the shortage of raw materials became apparent after elimination the Mass unemployment bottlenecks on dem labour market (before everything

<sup>4</sup> Rene *Erbe*, National Socialist economic policy 1933-1939 in the light of modern Theory, Zurich 1958, p. 25.

with specialized skilled workers) and in individual areas of the basic materials and capital goods industry. At the given political and The regime's arms industry goals resulted in ever-increasing government intervention in production and Distribution necessary.

The huge economic policy Tasks in the inland had 1933 foreign trade issues the background urged. Soon but showed itself, that the partial regulation the Domestic economy and some improvised Interventions in the outside and Foreign exchange economy in the long term insufficient were, around the economic Resurgence to to back up. With the diverse Measures to Job creation and especially the one soon beginning Armaments demand for raw materials increased Pursue and the purchasing power demand the Consumers quickly at. millions became again in the work process incorporated and unfolded an increased demand, which largely relates to food extended. Dem economic upswing the Years 1933/34 corresponded no Corresponding restoration of global economic ties <sup>5</sup> • The isolated one Domestic economy in Germany - shouldn't she soon Fail sentenced be - required for this reason new Ways, around the now occurring gap in the Supply with raw materials and close to food.

The most important attempt in this regard was the "New Plan" inaugurated by Schacht in 1934, which was already able to build on some management measures from 1931. The most important consequences and features of the "New Plan" were the bilateralization of all foreign trade and the quantitative restrictions on imports with regard to "economically necessary" imports, in export promotion through a complicated system of partial devaluations and in the reallocation of trade flows from Western Europe and North America East and Southern Europe and South America <sup>6</sup>.

Although on the Foreign trade limited, existed between this Schacht's economic program and the later Four-year plan important connections. The "New Plan" first showed the state leadership the Possibility of steering an economy against the global economic trend. In this way, experiences were gathered which later became part of the four-year plan - which will continue the separation of Germany from the global economic network even more consistently should -for good come. More important was, however, that already with the "New plan" the German economy about the official control of a central area, the foreign trade, was subjected to state control. This meant that the priority of imports important for armaments and other imports desired by the state could be secured at a very early stage, and domestic production could be influenced through the state allocation of imported raw materials to entrepreneurs.

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• World trade volume increased from 1952 to 1955 only around 2 % on 157.7 billion RM at 1915 prices remained practically at the crisis low. Statistical information on this Yearbook for the German Reich 1956, p. 126\*.

<sup>6</sup> Please refer For this *Rene Heritage*, a. a. 0., S. 71 ff.

The New plan differed from economic policy of the previous years in that he has developed a larger overall concept beyond point-based interventions - the alignment of the economy with the state's goals of armament and securing the domestic economy - and at the same time created new instruments of control while maintaining private ownership of the means of production. In the first few years, the regime was able to limit itself to this partial control due to free labor and production capacity and still successfully pursue its goals. The export volume (sales in 1928 prices) increased by 19% between 1934 and 1936 <sup>7</sup>, so that the necessary imports were initially secured. If only it were! If it was about satisfying the import needs of a peace economy, that would also have been the case. The German National economy can be guaranteed with necessary imports. However, that wasn't the main point. As a result of the arms priority and the fast increasing pace of rearmament resulted itself since 1936 shortages in everyone's areas of business. The New plan was enough not more in line with the regime's ambitious goals, which are now more radical made solutions necessary. This brings us to the crucial political and ideological ones: Requirements of the four-year plan.

If itself Hitler's foreign policy Goals also to none Time in the enforcement "more entitled" national demands and principles, he initially continued the main lines of the foreign policy of the Weimar Republic in one central point: revision of the Regulations the Treaty of Versailles, especially those articles that have so far given the Reich full political and military equality with the other great powers had withheld. Because political and military equality were inseparable from each other, Hitler could count on broad support from bourgeois-national circles for his policy of forced rearmament, even if they rejected other measures of the new regime want.

Armament as the most important prerequisite for a new great power position was consequently started with all our energy. Their importance and their rapid pace pressed itself in the rising Portion the Wehrmacht expenditure at the Total expenditure of the state (empire, states, municipalities combined!). In 1932 it was he after the Estimates: 4%, 1933 5%, 1934 18%, 1935 25%, 1936 39%, 1937 41%, 1938 50%. Armament expenditure was then between 1933 and 1938 44.5 billion RM, other Calculations are still coming a significantly higher result <sup>8</sup>.

The parallelism of Hitler's demands and his foreign and armaments policy Measures with the bourgeois-national Maxims covered first,

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<sup>7</sup> Statistical Handbook of Germany 1928-1944, published by the State Council of the American Occupied Territory, Munich 1949, S. 592.

<sup>8th</sup> On this *Rene Heriage*, aa 0., S. 25 and p. 54. In addition, estimates from Schacht, Stuebel and Kuczynski. A summary comparison with references to *Kuczynski*, studies to Story of state monopoly Capitalism, Berlin 1965, p. 128.

that Hitler's goals lay far beyond traditional nationalism. More crucial than the revision of Versailles was the goal of bringing Germany back into the circle of world powers through spatial political expansion. The key terms of his politics were the "Spatial Question" and the "Living space", the consequences of which Hitler made no secret to the leading generals of the Reichswehr as early as 1933. The ideological expression of the living space policy became the catchphrase of self-sufficiency, which was both a tactical instrument of National Socialist propaganda and the ultimate goal of Hitler's policy - Self-sufficiency on a continental basis, not in Just in the sense of national independence - was. Currently, striving for self-sufficiency in the 1930s initially meant an attempt to achieve political and political independence economically completely independent of decisions from abroad. It was therefore a prerequisite for the "higher self-sufficiency" of continental European rule.

The willingness to accept Self-sufficiency slogans became popular among the population through the experiences of the Allied blockade in World War created and in the World economic crisis further strengthened. The size crisis solved a psychological shock out, the one in Germany his special post-war problems to one To evaluate the economic policy Categories led. Despite the world war and inflation the restoration one liberal global economic and trading system for the majority the politician in the first years the Republic's obvious goal been and from a big one part of the population as an attempt been accepted, at the prosperity the Pre-war period to connect. Man had itself there on Competitive capitalism the Turn of the century oriented, although the Post-war economy much higher prices due to cartels and dominant corporations were determined a Function the Market economy severely impaired. Consequently threatened the far spread Believe at one "reasonable" d.H. liberal Economic order one dangerous illusion to be, especially since he has an active economic policy to control the Crisis prevented. Around so shocking turned large parts the Population with the Veconomic crisis from economic liberalism off, in which they are the cause the faced crisis. The Advantage pulled from it the National Socialists, the the crisis dem democratic system and the interweaving with dem blamed abroad and against it the picture the state regulated, from the world market independent Business put. One wave of Anti-capitalism most diverse Origin and shape united with neo-mercantilist self-sufficiency thinking, which is imperious on the Revision of the previous global economic principles urged. This Transformation of the economic thinking came later dem Four-year plan benefit, there she one increasing readiness for self-sufficient experiments triggered. Hitler's Living space ideas could supported by the population's consent to an ostensibly independent economic policy become. This consensus makes it understandable why the self-sufficiency buzzwords 1936 so willingly recorded became, and explains the fact that it the propaganda so light had, the Four-year plan as "crisis-proof self-sufficiency plan" popular to make.

In the first years after the seizure of power, the success of those who began their arms policy depended. Self-sufficiency of the economy depends to a large extent on the attitude of German industry and major banks. The connections between leading National Socialists and individual industrialists reached up to back to the year 1923, but this in no way meant that business people agreed to a specific economic policy program of the NSDAP. Hitler avoided it logically, before 1933 on a concrete economic program to commit, and limited itself on it, his Political party as most important "anti-Marxist" bulwark is recommended. Closer contacts between larger circles of industry and the National Socialists only emerged after 1930, when the NSDAP achieved the breakthrough into a mass movement. Now part of the industry was ready to support Hitler with larger buzz to financing his elaborate To support propaganda and election campaigns. However, the NSDAP was not because of this industrial aid to leading political force, there the Subsidies to the German National Party or the People's Party were not significantly smaller. Rather, business tried to influence the NSDAP's program this to one decisive political factor become was. The The most important role was played by circles of German heavy industry who had to benefit most directly from a German rearmament policy and whose ideas about state and society were traditionally shaped by authoritarian models. Other areas of industry, such as chemistry, which had to defend important positions on the world market, or the consumer goods industry, which suffered much less from the economic crisis than heavy industry, were initially very cautious about Hitler's slogans. However, as the economic situation became more severe and the decline in production lasted, a reorientation also took place here, which went hand in hand with the political rise of the NSDAP.

As directly after the Seizure of power the "Alignment the associations"<sup>9</sup> The industry emerged relatively unscathed. While the regime forcibly dissolved the unions and agricultural - after a short German nationals interlude, as Hugenberg the Agricultural policy particular - by establishing a "Reichsführergemeinschaft" lost its traditional interest associations and one became the domain of power of the National Socialist agrarian ideologist Darre, the industrial organizations remained politically and personnel-wise substance untouched. That is gave it in the first months after the

There are repeated attempts to "seize power" within the industrial and banking world the personnel Influence the most diverse party groups to anchor, but became this Interventions already in the April 1933 from Hitler stopped<sup>10</sup>. Many Par-

<sup>9</sup> Bracher/Sauer/Schulz, *The National Socialist seizure of power*, 2. ed. Cologne 1962, S. 186.

<sup>10</sup> On the 28th. 4. In 1933, on Hitler's orders, a corresponding announcement was made by the economic policy officer in the NSDAP liaison staff. This order was followed accordingly Interventions Schachts in the Reich Chancellery ahead. ·See CASH 43 II/1195.

members had the revolutionary phrases from the time before the seizure of power initially taken too literally and have now been emphatically instructed about it, that one "Second Revolution" in the senses an anti-capitalist one Redesign from Business and society from the Party leadership was not wanted.

The dream of "German socialism" was already over in 1933. The middle class movement - in the last years the republic a Cornerstone the NSDAP - became meaningless and deprived of any influence on the reorganization of society because its class-romantic ideology contradicted too much the economic requirements of German rearmament. The Röhm affair from the summer of 1934 didn't mean after all only those Elimination of one annoying competitors within the party or a concession from Hitler to the Reichswehr, but1 also a calming down of the industry, since the representatives of vague socialization ideas, as they still found themselves in the SA, have now been finally eliminated.

At Several reasons played a role in respecting industrial positions of power . At one point, the Social Revolutionaries were a minority in the NSDAP who had no support from Hitler. Influential industrial circles had before 1933 Not least because of this, he became closer to Hitler and supported him financially in order to counteract the socialist tendencies within the NSDAP. But above all, believed the regime, in time the economic crisis to avoid revolutionary interventions in the economic order at all costs and to be able to overcome the crisis with the existing large-scale economy and to achieve the further goals, especially in the area of armaments policy. Therefore known itself Hitler 1932 and 1933 again and again demonstratively central role of the private sector and strongly represented their wishes within the cabinet by calling for a reduction in social spending and more extensive tax breaks the industry agreed <sup>11</sup>.

The initial strong position of the German economy was an expression of the relative autonomy of the German economy compared to the state party Schacht, who has great prestige in the German economy enjoyed and from dem known was, that he a was a decisive representative of free enterprise. Between 1933 and 1935, Schacht succeeded in a variety of ways in fending off interventions by party authorities in economic life, and even, with the approval of Hitler and Göring, a kind of "de-Nazification" of industrial self-government bodies and associations. The independent position of the economy - especially the large corporations in the raw materials and capital goods industry - nevertheless formed one latent source of conflict. It was not dangerous for Hitler if such a crucial area of society not fully in the totalitarian system of the leader state integrated was. The Although a common interest in rearmament concealed possible conflicts, the point in time was already foreseeable in 1934/35 when Hitler's economic policy, with its one-sided privileging of industries important for armaments, would provoke the opposition of those cause had to, the of that few benefited (consumer goods industry)

<sup>11</sup> Ministerial meeting about Job creation at the 51. 5. 1955, BAR 45 II/556.

or were even damaged (export industries). Schacht was not prepared to uncompromisingly follow the VVeG laid out by Hitler, but despite many seemingly revolutionary measures in the area of armaments financing and foreign trade policy, he stuck to the goal of one that was intertwined with the world market economics.

Hitler hesitated, but as early as 1933 he was clearly in favor of an economic policy that should be used in order to prevent the latent conflicts with Schacht and the economically liberal circles of large industry from becoming acute. His primary interest was in rapid, undisturbed rearmament and not in the realization of ideological ones. Guiding principles in the economy. The measures to "Militarization" of the economy was initially not even necessary. Given the large amount of free production capacity and labor reserves, there is no contradiction between rearmament and the general revitalization the economy existed. Immediately after his entry into the Reich Chancellery, Hitler had laid out the path of combining the goal of rearmament with the policy of job creation <sup>12</sup>. In practical economic policy, however, those measures that eliminated the effects of the crisis initially predominated. Only in some areas such as agriculture and the internal relationships between employers and employees the attempt was made to put National Socialist principles into practice. From comprehensive control of the economy could but no speech be. Since just started 1936, as diverse bottlenecks forced economic policy priorities the further one should ensure the expansion of armaments. The four-year plan thus developed from from its beginning to the instrument of the general armaments policy, which is now linked to economics self-sufficiency became identical.

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<sup>12</sup> Please refer Dieter *Petzina*, Main problems the German economic policy 1932/33, quarterly magazines for contemporary history, volume 15 (1967), p. 18 ff.



## II. FIRST APPROACHES

Although contrary to Schacht's economic policy conception, there were already important approaches for this before 1936 an economic self-sufficiency policy. They appeared independent of each other in economic policy departments of the NSDAP the VVermacht and in some areas the Large industry.

I-lugenberg's successor in the leadership of the Ministry of Economic Affairs, Schmitt, judged in the May 1934 within his Ministry a raw materials commissariat a. The first director of the Witkowitz mining and ironworks became the raw materials commissioner, Dr. Doll, appointed, whose Task it after Hitler's be an idea should, „with everyone means ... the " To pursue increased production of German raw materials ".<sup>13</sup> With this institution, the state's economic policy seemed to be adapted to the NSDAP's self-sufficiency ideas and was the driving force of a German self-sufficiency policy to become. However, the raw material actually developed no activity in the following months. Responsible for was the again Change at the Great of Ministry of Economic Affairs. At the Job Schmitt, who was compliant with Hitler's wishes, appeared as President of the Reichsbank, a well-known opponent of autarky Schacht, which in this attitude of a large part the Business supports became. Schacht cropped so largely the Competencies \_ of him subordinate Doll, that this one in his Work was practically brought to a standstill was. With it had Schacht made clear, that he does not willing was, the from party officials To pursue the course advocated by economic politicians, but rather the state economic administration after his own beliefs wanted to guide.

Hitler was not interested in a conflict with Schacht because of the raw materials commissioner, especially since Schacht actively supported him in rearmament. The Raw Materials Commissariat was de facto (although not formally) dissolved and in this respect Schacht's claim to alone determine the policy of the Ministry of Economic Affairs was taken into account. The meant However, this is not the end of these efforts. Rather, Hitler transferred the powers of the raw materials commissioner to his special representative for economic issues, Keppler, who had already acted as a liaison between the party and business in 1932/33. Its task should be to "implement all those economic measures which considering the foreign exchange situation is required, for foreign raw materials such out of domestic generation to replace".<sup>14</sup> Kepplers Office "Special-

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<sup>13</sup> Copy of a letter from the Raw Materials Commissioner Pupe to Hitler (undated; probably from 1935), which describes the most important activities and tasks of this office. BA R 26 I/1a.

<sup>14</sup> Draft one arrangement of Representatives for the Four-year plan (undated; probably from the year 1936). BAR 26 I/1a.

task German raw materials and materials" was independent of the state "economic bureaucracy", so that the danger constant controversy with Schacht was initially avoided. on the other hand It soon became apparent that the Minister of Economic Affairs had only achieved a fictitious victory by eliminating the original raw materials commissioner, since an office with the same tasks was now created was over which he had no direct influence due to his position c o u l d take .

With its autarkistic goals, Keppler's office soon came into clear contrast to the politics of the Ministry of Economic Affairs. Schacht only advocated the establishment of German plants to produce substitute materials then if it was economically justifiable, that meant for him if the Substitutes were no more expensive than foreign raw materials. Keppler, on the other hand, subordinated his self-sufficiency concept to military economic considerations and tried to keep his plans within the official one Economic policy to enforce. The opposites Opinions even led to Keppler's direct intervention with Hitler in order to obtain support for his plans <sup>15</sup> . Although Keppler's activity in the field of... Buna, inferior ores and synthetic fats and fibers - which means important preparatory work for the later four-year plan accomplished were <sup>16</sup> - completely according to ideas corresponded to Hitler's should, he pointed Keppler to avoid a conflict with Schacht. For domestic and foreign policy reasons, he was interested in Schacht's cooperation that Keppler's ideas initially did not progress beyond the stage of making plans. Nevertheless, Keppler's organization was more important than it to it or on hers personnel size from 25 people expressed <sup>17</sup> . Together with the economic policy authorities of the NSDAP, which were also controlled by Keppler, the nucleus was formed here for a competing economic policy authority to the state economic administration, which carried out the staff work for a revision of Schacht's economic policy. This apparatus and the plans developed here could be used in 1936, when the Four-Year Plan policy became the guiding principle of German economic policy.

The central figure all aspirations within the Wehrmacht, the expansion From the end of 1928, the then Major Georg Thomas was responsible for accelerating the war economic potential. He began working within the Army Weapons Office this year and was promoted to head of the Army Weapons Office a few years later Staff in the HWA and finally in 1934 - now promoted to colonel - head of the "military economics and weaponry" department in the Wehrmacht Office of the Ministry of Defense, out of dem itself the size apparatus of military economics and armament

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<sup>15</sup> Statement Keppler at the 1. 9. 1948 in the so-called. Wilhelmstrasse process (Case **XI**), protocol S. 19 345.

<sup>16</sup> For example, Keppler has presented a plan to expand Germany's ore base. See Doc. PS-1301, IMT **XXVII**, p. 134. For further information about Keppler's activities, see his interrogation in the Wilhelmstrasse trial (case **XI**), p. 19219ff.

<sup>17</sup> Please refer protocol of Wilhelmstrasse process, S. 19 236 f.

am.tes entwickelte<sup>18</sup>. In häufig scharfem Gegensatz zu den führenden Generälen der Reichswehr and the new Wehrmacht Thomas represented the concept of what he called "depth armor" as a necessary counterpart to "broad armor" <sup>19</sup>. That was it the war economy base in In contrast to the number of military units, whose operational capability ultimately depended on the existing economic potential. Thomas, his colleagues and later a number of university teachers tried to follow this concept "Armor in the "Deep" to give a scientific foundation in the form of military economics. It was due to the intensive propaganda activity of the military economic organization that even in the years of peace the economy was in some areas geared towards the war and within the military leadership traditionally limited to operational and personnel issues, the insight into the necessity the economic upgrading growth.

In his "History of the German Defense and Armament Industry," written in 1944, Thomas claimed that the "first suggestion for drawing up a multi-year plan... already in Winter 1933/34 by the then Chief of Staff of the Army Weapons Office - Lieutenant Colonel Thomas [was given] ... ". In a memorandum for the Reich Minister of War had Thomas after his own testimony to draw up a five-year plan for the implementation and coordination of procurement projects the Wehrmacht parts and called for the "planned development of the food and raw materials industry as a basis for national defense" <sup>20</sup>. With this one demands could Thomas and his The military economic staff should build on the planning tradition of the military economy, especially since responsibility for the armaments industry did not lie with the civil administration, but rather with the military branches of power, whose individual concepts the military economic staff incorporated into an overall plan wanted to coordinate.

Already in 1930 raised Financial support after expansion the domestic raw material base, especially the Rubber-, Fuel and ore production sites, was initially at the political authorities <sup>21</sup>. In 1933, the political climate changed with the violence for such wishes very much got better. That showed yourself, as at 6. November 1933 a joint meeting by representatives of the Wehrmacht and the economic departments, in which the head of the Army Weapons Office, General Bockelberg, now emphatically criticized "the Wehrmacht's deceptions in the economic field" presented <sup>22</sup>. One two days previously made Discuss

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<sup>18</sup> *George Thomas*, *Story the German one military and armaments industry (1918-1943/45)*, ed. by Wolfgang Birkenfeld, Boppard/Rhein, 1966, p. *Zf*.

<sup>19</sup> For this *Thomas*, Speech above the was standing the upgrade, held in the Foreigners Government office

at the May 24, 1939, IMT XXXVI, p. 113ff.; *ibid.*, width and depth the Armor, in: military scientific review, *Z*, 1937, p. 189 ff.

<sup>20</sup> *Thomas*, military economic history, S. 111.

<sup>21</sup> *Thomas*, military economic history, p. 95.

<sup>22</sup> Doc. NI-7828: Results of the meeting to the Reich Minister of Economics at the November 6, 1933.

The memo specified these demands: expansion of production capacities for synthetic fuel through the construction of hydrogenation plants in central Germany, promotion of the production of artificial rubber (Buna), tax, customs and price policy measures to protect domestic production <sup>23</sup>. This meant that the Army Economic Staff took over the central Points of the later production program of the four-year plan.

Just like Keppler, Thomas initially failed to assert himself. The Wehrmacht leadership was satisfied when there were enough funds to build up the armed forces. The problem of “deep armor” was not relevant to them for as long as sufficient capacity was available for their purposes. Nevertheless, it led Thomas' activity gradually led to a strategic rethinking, which was also carried out within the Wehrmacht by those who had initially underestimated the economic component of rearmament and warfare. As early as the summer of 1935, with the support of the War Ministry, Thomas was able to request that the Minister of Economics appoint raw materials commissioners <sup>24</sup>. A year later they became reality. This makes it clear how The change in the strategic concept flowed seamlessly into the four-year plan in 1936.

Within the Industry were ahead everything Large-scale chemistry and that Heavy industry interested in a self-sufficiency policy. The most important liaison between the NSDAP and the chemical industry before 1933 was the IG Farben director Heinrich Gattineau <sup>25</sup>. His Acquaintance with that Circle of people around the later “Deputy of the Führer” dates back to 1923. Such connections allowed the company to establish personal contacts with Hitler in 1932 in order to Attitude on the question of hydrogenated gasoline production to get to know. The IG-farben had already invested large sums in the development of the hydrogenation process before 1933, the profitability of which was limited in view of the global economic crisis without state Help and Guarantees not more was guaranteed. Initially one of the most consistent advocates of free world trade, the largest German company became an advocate of economic self-sufficiency in 1933 in the face of falling foreign demand and impending losses. After Hitler promised generous support for the IG's production policy in the event of his becoming chancellor in 1932, relations between the NSDAP and the IG Farben strengthened, which was not least supported by generous donations from the company to various party branches (such as the SA in Winter 1933/34 200,000 RM) were useful.

As early as September 1933, before the advance of the Reichswehr's economic staff, the IG Colors were used by state and military authorities presented a memorandum on expanding the German raw material base. That of that IG director Carl Krauch wrote memorandum became some days later

<sup>23</sup> B.A Military economy armor Wi I F 5/3556.

<sup>24</sup> note from the July 1, 1935, B.A Military economy armor Wi I F 5/383.

<sup>25</sup> Please refer affidavit Explanation from Dr. Heinrich Gattineau from the 13. 3. 1947, Doc. NI- 4833.

Gegenstand einer Diskussion im Reichsluftfahrtministerium<sup>26</sup>. Der Ort war nicht chosen randomly, but showed which part of the Wehrmacht was most interested in the self-sufficiency plans the chemical industry was interested. In the Krauch proposed a four-year plan in the memorandum with the help of which Germany's own fuel economy - the Achilles heel of all mob considerations - should be built. The interests of the future German Air Force complemented those of the IG Farben hoped to find an almost inexhaustible source of sales for their hydrogenation gasoline. According to IG Farben's ideas, fuel production based on domestic raw materials should initially be increased from 0.5 million tons to 1.8 million tons with an investment expenditure of 400 million RM. These scales of production and investment as well as the timetable make it likely that this memorandum became an important model for the later four-year plans.

Consequently, the first practical results of cooperation between the state and business in the area of synthetic fuels became apparent. Thanks to the production facilities built in Leuna and, above all, their technical and scientific preparatory work, IG Farben temporarily had a global monopoly here. After lengthy negotiations between the IG Farben and the Reich government, which had already begun in 1932, on 14. December 1933 the so-called gasoline contract was concluded <sup>27</sup>. This set out the future expansion of this new industry, which, in view of Germany's rearmament, would be a outstanding military economics had to be given importance. With the "Law on the Assumption of guarantees for the expansion of the raw materials industry" of December 13, 1934 <sup>28</sup>, valid retroactively since January 1st. December 1933, this was for the support policy and possibility of intervention of State necessary instrument created. The proposed price and sales guarantees were intended to ensure the development of the German fuel industry, but the provisions soon became applicable to others as well Industries used, so far she dem regime military or economic political Found seemed worthy of funding. Examples for that were the Founding of the Braunkohle-Benzin-AG (Brabag) in the fall of 1934 and the establishment of a German viscose fiber industry that used a variety of means to compete with the conventional ones Fibers are protected had to.

The Minister of Economic Affairs has however the him with this one and others laws

assigned Authorizations not full exhausted. shaft recognized early on how much measures such as the petrol contract strengthened the position of the self-sufficiency representatives. The IG Farben was able to do so through the Ministry of Defense as early as 1934 Influence on the Economic policy to take. The first size No-

<sup>26</sup> Minutes of the meeting in the RLM on September 15th. 1933, Doc. NI-7123. The State Secretary in the RLM, Milch, handed over Carl Krauch's memorandum to Bockelherg. The memorandum himself lies not before, but find itself important instructions in the letter from smoke on milk from the 14. 9. 1933 (Doc. NI-4718), dem the Memorandum as Attachment added was.

<sup>27</sup> The text of the contract is available as document NI-881. For a closer interpretation *Birkenfeld*, The Synthetic fuel 1933-1945, Göttingen 1964, p. 26ff.

<sup>28</sup> RGBI I, 1934, S. 1253f.

bilization planning for the petroleum sector was carried out in October of this year under the leadership of Carl Krauch the Wehrmacht placement office (W) created by IG Farben <sup>29</sup>. The company's growing influence sparked rivalries within the industry and interventions by Schacht from the the self-sufficiency aspirations of corporate to Looking for brakes. The showed itself, as he plans for the government funding from synthetic rubber factories to nothing made <sup>30</sup>, without however to be able to prevent that two years later the Buna expansion one of the central ones areas of the four-year plan.

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<sup>29</sup> Memorandum in document NI-7295. See also *Birkenfeld*, Fuel, aa 0., p. 54ff. To the liaison office vv (Contact point the IG to the authorities, before everything the Wehrmacht), see doc. NI-2747 and NI-4702.

ao Already at the August 15, 1933 reported the IG colors in one Write to the HWA about the status of the development work at Buna and stated that they would continue production if appropriate would accept state aid. In one Letter from RWM from 23. 11. In 1933 a corresponding promise was initially made. Because of Schacht's opposition, the contract came about but not possible. See doc. NI-6930.

### III. THE IMMEDIATE OCCASIONS

#### *1. The Azif, Jenhandels- and Foreign exchange crisis*<sup>31</sup>

The New plan Schacht's comprehensive control of foreign trade was initially successful because, despite the armaments boom, he managed to to secure additionally needed imports and that Trade deficit of 1934 even turning it into an asset the following year. However, the favorable overall balance of 1935 could not hide those responsible at the Ministry of Economics from the fact that the symptoms of a change in foreign trade trends increased again in the second half. It became apparent that in the long term this path would not be possible at the same time as growing private consumption and expanding state armament needs could be met.

Six months later, the reversal in trends had resulted in a crisis situation, which led to increasingly pessimistic estimates of the future foreign trade situation. In the spring of 1936, the Ministry of Economic Affairs, together with the newly founded raw materials and foreign exchange staff, prepared a foreign exchange balance sheet, in the alone for the second half year 1936 with one deficit at "Cash foreign exchange" from one half billion RM expected became.

*Table 1*

Estimated Foreign exchange balance 2. half year 1936<sup>32</sup>

	currency total mill. RM	of that Cash foreign exchange mill. RM
Foreign exchange earnings	2810.0	360.0
Foreign exchange requirements	3447.7	869.7
deficit	637.7	503.7

The actual result achieved was ultimately considerably more favorable than the one calculated here. In 1936 the trade surplus increased due to a corresponding increase in exports even to 550 million RM, so that the foreign trade statistics subsequently refuted the official pessimism. This difference requires explanation. She finds itself in the economic Measures, the in the spring In 1936, in view of the impending foreign exchange and foreign trade crisis, measures were taken to avert the predicted catastrophe. This activity has already been carried out by institutions unfolds, which in turn is the result of the crisis development.

<sup>31</sup> See also here *A. Schweitzer*, Foreign Exchange Crisis of 1936, in: Journal for all political science, Vol. 118 (1962), p. 243ff.

<sup>32</sup> B.A Military economy armor Wi I F 5/203, S. 309 and 311. "Cash foreign exchange" are identical with

dem in the inland existing Duration at foreign means of payment; she are from the "Clearing foreign exchange" <sup>1.u</sup> differentiate, through the "New Plan" of 1934 Meaning had acquired and was strong in foreign trade predominated.

The crisis became from several factors caused, whose root part abroad, part in the domestic economic policy. One the important reasons was the change the exchange relations opposite dem abroad, the "Terms of Trade". Between 1929 and 1932 had the German Economy benefits considerably from the fact that the Great Depression conditional price forfeiture for imported goods considerably greater was as the decline at the Exports were<sup>33</sup>. Since 1933 changed itself but the Position at the World market fundamental. While the price of export products (especially industrial finished goods) fell the following three Years further - if also slowed down - progress, stabilized itself the Import prices (at raw materials, foodstuffs and were half) or rose sharply in some cases. Between 1933 and In 1936, prices for imported goods increased by an average of 9%, while export prices at the same time by 9% sank. Although they were Relations between imports and exports are therefore still cheaper for Germany than in 1928; compared to the year 1933 - at dem itself the entrepreneurship oriented, there here the Revival the Business began had - had to however Germany around about one fifth more export, around the same amount at raw materials and to have food available. Within a year alone, of From 1935 to 1936, imported prices rose raw materials around 10%, so that either one lower domestic supply with corresponding Follow for the domestic production or higher expenses for the import at the expense another areas threatened<sup>34</sup>. This since 1933 observing Price scissors led between 1934 and In 1936 there was a decline the Import volumes around 12%, although straight in this one years the as required the years the crisis in Germany increased quickly. The fear facing a growing deficit in the balance of payments was for this reason not unjustified, before especially when factors came into play in turn worked towards increasing imports.

One this factors was the Development the German food industry. Between 1933 and 1935 sank the Crop yield at rye around 15%, wheat by 17%, the yields of feed grains (barley and oats) decreased by 15%, the Potato harvest by 10%<sup>35</sup>. There were also declines in livestock and milk and butter production, so that fat consumption per inhabitant fell this Time to 4% sank. Besides worse ones harvest years The new "market organization" policy of the Reichsnährstand was responsible for this, which had initially continued the restrictive cultivation and supply policy of 1931/33 in the interest of increasing agricultural income. Schacht accused the agricultural administration of bureaucratic mismanagement of production and sales, the to one reduction of domestic Offer opposite previous

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<sup>33</sup> The price index (1956 = 100) of imports fell from 204.1 in 1928 at 100.6 in 1932, the Price index of exports of 169.8 on 120.0 (Stat. Manual by Germany, a. a. 0., S. 592).

<sup>34</sup> Here are the comments from Ministerial Director Ruclberg from RWM on the Meeting of the expert committee for raw materials issues on 6/25 1936, Doc. NI-5580, p. 7.

<sup>35</sup> Stat. Manual from Germany, a. a. 0., S. 124/125.



years <sup>36</sup>. It should be noted that Schacht primarily had the interests of industry and its adequate supply of imports in mind and therefore worked to keep agricultural imports low. His accusations against Darre were therefore only partly justified. In fact, food imports were lower than in both volume and share of total imports the years before Great Depression.

It was mainly due to the mentioned Development the World market prices that in 1935 care with food caused great difficulties. They would have from one better working system than that Reich food stand not avoided become can, as long as the important for armaments Imports priority owned. Special bottlenecks showed itself in the run of year 1935 at the Fat supply and at feed grain, the on his part the basis one sufficient meat production was. In the April 1935 had to hence the import from Oilseeds in contrast to the previous politics the Import throttling 300000 RM every working day, half a day Year later to 400 000 RM increased become. Beginning October of the same year had to be unforeseen Special currencies of three million Reichsmarks for additional Butter imports are made available <sup>37</sup>. The growing Requirements of Ministry of Agriculture - whose factual justification already out of dem fact revealed, that the agricultural one Import volume 1935 only still 64% of status from 1928 at increased population fraud - actually meant that the previous policy of forced rearmament only at sink dem standard of living to carry out was. Between August 1935 and March 1936 k= it to increasingly harsh controversies between Schacht and Darre, there In the interest of domestic political stability, the rising prices are increasing Gaps in supply through balance imports searched and the Economics minister against it Resistance performed <sup>38</sup>. In the In the fall of 1935, Schacht refused to provide any further foreign currency place.

This probably happened not least with the ulterior motive This meant that Hitler, who had previously only formulated contradictory maximum goals, came to define economic policy priorities to force, d. H. a concept to develop that corresponded to German possibilities. How The regime's alarm about the crisis, which was no longer concealed, can be seen in the fact that Hitler hired the second man in the Nazi leadership, Göring (whose Luftwaffe armor was one of the... important causes the crisis was), for the Arbitrator in the Shaft-drying dispute called <sup>39</sup>. His official

<sup>36</sup> shaft at Darre at the 24. 5. 1936 in B.A Military economy armor Wi I F 5/614.

<sup>37</sup> Already in October 1935 demanded Darre instead RM 400 000 RM590 000 weekdays, "Otherwise he would not be able to guarantee the population's fat supply" (discussion between General Thomas and Ministerial Director Wohlthat from the R.WM on October 21, 1935, BA Wehrwirtschaft-Rüstung Wi IF 5/1196).

<sup>38</sup> Schacht's further arguments in the Schacht-Darre correspondence, BA Wehrwirtschaft schaft-Rüstung Wi IF 5/614.

<sup>39</sup> Information from Dr. Friedrich Gramsch, brass. Ministerial Director in Prussia. Ministry of State, in: Report on Körner trial 1948 (Vert. Doc. Körner-500, in Doc. Book I a, addendum I); also Explanation Gramsch from the August 6, 1947, Doc. NI-12616, S. 6.

target Task should it be,,the German national nutrition to to back up". In fact, it was about reconciling rearmament with domestic political stability by using the food industry to overcome the autumn crisis in the short term was given higher priority. Before Göring finally this one Decision met, the in the senses of Minister of Agriculture failed, were in Prussian State Ministry comprehensive investigations into the food situation and trade and balance of payments situation employed. Also after the preliminary Once the decision had been made, Göring was constantly informed about it report economic development. This began Göring's intervention in economic policy, which had previously been Schacht's undisputed field. This arbiter position was expanded a few months later to include important areas of overall economic policy. It ultimately made the aviation minister a key figure in economic policy.

Göring's intervention caused, that in the December 1935 and January 1936 12.4 mill. RM currency additionally for the import of oilseeds provided became. This was intended to avoid a collapse in the fat supply during the winter and the Danger of Management be averted, there the The introduction of the fat card would have significantly weakened the regime's position. These measures were able to prevent a further deterioration in care for the population for a few weeks or months. However, they did not mean a real solution to the foreign trade crisis, but only a cure of symptoms. In view of the insufficient foreign exchange, further measures had to be taken. At the beginning of 1936, Schacht therefore called for it to be set up a long-term production plan for agriculture to coordinate own production and imports and thus also a basis for decision-making for the others sectors to receive <sup>40</sup>. Despite additional Introduce they were Prices for individuals Food during year 1935 until to 50% increased (e.g. for special types of meat) <sup>41</sup>. In addition, Darre again demanded a higher foreign exchange quota in January 1936. That would have an additional burden until the end of March 1936 from 15 Mill. RM means. A few weeks later, in the middle February, as the Ministry of Agriculture for the Oilseed import in the

2. In the quarter of 1936, Schacht even demanded a doubling of the previous cash foreign exchange quota to 59.2 million RM, as had been the case a few months before. <sup>42</sup>. That was Schacht's ultimate concession Offering two-thirds of the requested foreign exchange. Darre then kicked the Escape forward. He described this in a memorandum sent to Hitler, Göring and Schacht consequences of this refusal in the darkest Colors <sup>43</sup>. The Minister of Economics, the itself not

<sup>40</sup> memorandum from shaft from the 5. Z 1956, S. 10, B.A Military economy armor Wi I F 5/614.

<sup>41</sup> In 1955 retail prices for beef increased by 5z %, for Veal at 55 %, for Sheep meat at 5Z %, for Total slaughter cattle by 18 % and for agricultural products in total around 9 %• (Calculated after: „Prices and life

maintenance costs in the Years 1955", in: Business and Statistics, 16. Vintage, 1956, S. Z- 9.)

<sup>42</sup> shaft at Darre at the 1Z. 5. 1956, B.A Military economy armor Wi I F 5/614.

<sup>43</sup> Darre at shaft at the May 16, 1956, B.A Military economy armor Wi I F 5/614.

burden the population with responsibility for the endangered supply wanted to leave, responded on the 24th. March 1936 in the sharpest form: "In any case, it must I see your attempt to make me responsible for the nutritional difficulties you claim because I don't have enough foreign currency for to emphatically reject their ever-increasing demands. Rather, it comes m. E. to ... to restore at least the full production capacity of agriculture as you took over in 1933... The impossible cannot be expected from the foreign exchange perspective. I namely am no Ducat man." <sup>44</sup>

The The crisis could no longer be solved without a revision of the previous goals and economic policy means. Schacht therefore demanded "that the entire situation in the area of foreign exchange, raw materials and food be made a fundamental investigation by a representative of the Führer." <sup>45</sup> Although Hitler once again intervened personally the priority deployment of 60 million RM for the food sector appeared to restrict consumption and with them connected introduction of card system necessary to should not be other economic sectors, those from the rearmament and from the regular The supply of raw materials was paralyzed.

The Ask the Raw material supply was factual still tighter with dem Foreign trade is linked to food supplies many raw materials - especially base metals that are important for armaments, rubber and mineral oil - Germany relies almost entirely on deliveries from abroad was instructed. From reaching out Raw material imports hung full employment of the Industry and - what was at least as important for the state leadership - the rearmament. This increased in accordance with the high priority of armaments I Import volume of raw materials already 1933 by 13% compared to 1932 on while that The volume of total imports in 1933 was below the level of the previous year. The policy of "selective imports" perfected by Schacht meant that raw material imports in 1933/34 had already reached 86% of the boom level of 1928, while agricultural imports only reached 86% 66%. With This policy was therefore able to The demand for raw materials caused by the armaments and investment boom in the first two years be satisfied, even though the VVelthandel still stagnated.

This development, which was initially satisfactory for the regime, was interrupted in 1935. With a delay of several years compared to the production area The low point in foreign trade was reached at this point. 1935/36 was the import volume around nearly a tenth lower as 1933/34. The Setback occurred at a time when not only higher food imports became necessary, but Hitler's rearmament plans required further increasing quantities of raw materials. Instead of whose sank the Imports at the same time with the Exports away and were below the level of 1933 in 1935/36. While thanks to Darre's interventions at Hitler the Agricultural imports in the second half of the year 1935 around 21%

<sup>44</sup> shaft at Darre at the March 24, 1936, B.A Military economy armor Wi I F 5/614.

<sup>45</sup> Thomas, military economic history, p. 111.

increased compared to the first half of the year (although for the whole of 1935 they were considerably below the level of 1934), imports of raw materials decreased in value around 13%, the volume after still stronger <sup>46</sup>. The important Raw materials such as metals, rubber and Cotton had to be sold on the world market with De visas are paid, so that it was not possible to resort to offsetting agreements (as was successfully practiced with regard to southeastern Europe). In December 1935 Schacht had to report to the Reich Minister of War, the one to accelerate the armor a More import ignoble metals required had, explain, that one increase the Import of raw materials not possible be. Dem Import requirements for the Time October 1935 until October 1936 in Height from 2142 mill. RM There would only be payment options of 1,776 million RM. The Reichsbank's foreign currency and gold holdings only amounted to 88 million RM (which corresponded to the import requirements of one week), a further reduction would increase the distrust of the population awaken <sup>47</sup>.

Early 1936 were - so shaft in one memorandum from February 1936 - the "industrial raw material reserves ... dropped to a level that seriously disrupts the 'iVerke's ongoing work arrangements, ... Any further reduction in the supply of raw materials immediately leads to restrictions in industrial employment" <sup>48</sup>. In the In his memorandum, Schacht went on to say that it was because of the There have already been restrictions in the metal industry due to a lack of copper and lead. The biggest bottleneck point rubber, so that from September 1936 closures must be expected. In the spring of 1936 the raw material stocks were finally at 1-2 monthly supplies dwindled, while she around the Turn of the year 1935/36 according to calculations by Advisory committee for raw material issues still for 5-6 Months had been enough. The Reich Ministry of Economics demanded Therefore, the pace of rearmament should be slowed down and German substitutes introduced as quickly as possible <sup>49</sup>. Now that was all the more surprising than the ministry has so far corresponded to initiatives had hindered rather than promoted.

However, there was a slowdown in armaments for Hitler and Göring was never discussed. It was therefore no longer possible to avoid finding another solution to the problem. For Hitler it initially consisted of organizational and personnel issues Measures. The corresponded to his idea of the "Organizability" from Company and Business, the for him a question of the will was <sup>50</sup>. The Schacht's ideas, which were unacceptable to Hitler, shouted - very typical - with Hitler the increasing Feel out, that shaft not more the right one

<sup>46</sup> Memorandum shaft *from the* February 3, 1936, S. 5, B.A Military economy armor Wi I F 5/614.

<sup>47</sup> Write *from* shaft at Blomberg from the 24. 12. 1935, Doc. EC-293, IMT **XXXI**, S. 291 ff. shaft made for the Difficulty exporting also the Jewish policy responsible.

<sup>48</sup> Memorandum *from* shaft from the February 3, 1936, B.A Military economy armor Wi I F 5/614.

<sup>49</sup> Meeting of the expert committee for raw materials issues at the 26. 5. 1936, Doc. NI-5380, p. 2 and memorandum RWM from April 1936, BA Wehrwirtschaft-Armament Wi IF 5/203.

<sup>50</sup> Typical of this attitude are Hitler's comments in the memorandum on the Four Year Plan, where he states that the mobilization of metal stocks is not an economic problem, but exclusively a question of will.

man for economic policy. That's why in the fall of 1935 the second man of the... Third Reich during the "Bread Crisis" to "Bread Commissioner" appointed. That's why, in the crisis months of 1935, an attempt was made to replace the inconvenient Schacht with the Prussian Finance Minister Popitz. By him Many believed that it would be achieved through credit expansion due to the foreign trade crisis anew threatened unemployment encounter. First in the April However, in 1936 new ones were introduced far-reaching decisions met when the Foreign trade crisis caused by the fuel issue is another tightening experience had.

## *2. The Fuel question*

The state one interest at the expansion the rllmtschen IVfineral oil industry (from The strong interest of the industry, especially IG Farben, can be ignored at this point). on different Intentions of the VVehrmacht and the Ministry of Economic Affairs. The military authorities, especially the defense economic staff and the aviation ministry, called for a comprehensive and rapid development of their own fuel industry based on the coal liquefaction developed in Leuna, in order to be independent from foreign countries in the event of war be. The fuel issue took on a prominent place in the strategic thinking of the military staff position one, as it is currently here as well as at others raw materials in World War II the decisive superiority in the war the Allies had shown.

Schacht was also not a principled opponent of the hydrogenation works. However, he resisted saying that the decision to build it was based solely on military and defense economic considerations to subordinate. The Reich Minister of Economics, more involved in solving domestic and foreign economic issues Interested in problems, wanted to build on one economically limit to what can be tolerated. He feared that the hasty development of a new industry would cause additional strains on the foreign exchange balance and domestic production capacities, which would be the case The pace of rearmament that has already been achieved is not justifiable. There was also the fundamental objection as to whether a large fuel industry with the inevitably high production costs of the hydrogenation process was economically justifiable, especially since Germany's peacetime needs could be covered relatively cheaply through imports.

At this argument showed itself clearly the different basic attitudes towards the problem of self-sufficiency policy. She was next to that Need for power of individual personalities the most important cause of the rivalry between VVehr- and Ministry of Economic Affairs regarding the Responsibility for the Raw materials economy. As with the further armament, especially the development of the air force, the need for mineral oil erratic rise, developed itself from here battles over competence, which finally one the reasons for the establishment of one Raw material- and Foreign exchange com missariats in April 1936 were. The Stages of this dispute between Wehrmacht and Ministry of Economic Affairs make clearly, in which one Dimensions the

“Fuel question” becomes crucial factor for the Revision of the "economic policy was.

The conflict between military and VMinistry of Economic Affairs started in the Autumn 1934, the date the Braunkohle-Benzin-AG was founded. The Ministry of Economic Affairs was responsible for the founding and construction of the lignite hydrogenation works, which forced the lignite industry to establish a compulsory economic community. The requirement to build several hydrogenation plants together triggered strong resistance from the companies concerned. They feared that the hydrogenation would be based on the Brown coal would be uneconomical, and defended themselves against them Raising large amounts of investment. Already in late autumn 1934, while the new company was still being founded, there was a massive intervention by the military economic staff against clearly visible delaying tactics on the part of the industry. At a Brabag supervisory board meeting, Colonel Thomas asked the industrialists not to spend any more time preparing Planning to lose. The Entrepreneur should finally with the construction the factories begin, with it until End 1936 the production start can <sup>51</sup>.

The urging of the Ministry of Defense was understandable from a military point of view. 1935 could with one cover from at most 51 % of fuel requirements in the mob case, a quota that any military planning had to reduce to absurdity from the outset. At The military economic staff even feared that the given trend would occur until 1938 Sinking the coverage ratio on 40% <sup>52</sup>.

In the run the first months Created in 1935 in the War Ministry - factually correct - The impression is that the Ministry of Economics is driving the expansion of the mineral oil industry only insufficient and hesitantly Ahead and tolerate excessively Restraint the Brown coal industry. The RKM tried for this reason, even that one decisive influence on the planning and the expansion the fuel industry. In Niai 1935, the War Ministry's Vwehrwirtschaftsstab called for VVehrmacht and Ministry of Economic Affairs should Form a common management body for all issues relating to the oil industry, officially in order to ensure that the various ministerial departments interact with one another to avoid, in fact, to first once Schacht's sole responsibility to undermine <sup>53</sup>. The decide official advance of the War Ministry At the beginning of June this year, when Blomberg in one Write at shaft a Special Representative called for him to monitor and coordinate all expansion measures as “fuel commissioner”. should be <sup>54</sup>. shaft recognized very clearly the Intention Blombergs and sat

<sup>61</sup> For this Doc. NI-5975, file note from the January 24, 1955; Transcript from Bockelberg from 2+. 1. 1955, BA Wehrwirtschaft-Rüstung Wi IF 5/1171, p. 555. A detailed presentation These processes can be found in *Birkenfeld*, Fuel, aa 0., S. 45ff.

<sup>52</sup> iVarlimont on meeting in the RKM at the July 27, 1955, B.A Military economy armor Wi IF 5/455, p. 715.

<sup>63</sup> Draft of Military Economic Staff from the May 25, 1955, B.A Military economy armor Wi IP5/455, p. 775.

<sup>64</sup> Write Blomberg at shaft from the 5. 6. 1955, B.A Military economy armor Wi IF 5/455, p. 755ff.

itself against the intended limitation of competence defended himself sharply. His Attitude changed neither as Blomberg suggested that the planned fuel commission be placed under the leadership of the Minister of Economic Affairs, since the practical work would have been largely determined by the Wehrmacht representatives <sup>55</sup>. In view of Schacht's resolute stance, Blomberg renounced his application, but was assured beforehand that the Ministry of Economic Affairs would now of himself will develop greater initiative.

But Blomberg only seems to have taken a tactical step back. As early as August 1935, his defense economic staff again urged Hitler and Schacht to establish their own Wehrmacht institution. Schacht does have senior mining captain Schlattmann as head of a special department for fuel issues in the RWM, but there is just as little of this as there was from the previous instances in the Ministry of Economic Affairs expected <sup>56</sup>. The main point of attack of the repeated interventions by the economic staff was the recognizable attitude of the Minister of Economic Affairs to only promote the expansion of this branch of industry to the extent that it corresponded to the expected sales opportunities in peacetime. However, the Wehrmacht did not want to and could not accept this point of view, which was based on the Mob case.

For this reason, the Minister of War again went to Schacht in October 1935 in order to - as the official reading of the RKM read - "to overcome the increasing uncertainty in the area of the German fuel industry" <sup>57</sup>. Schacht then again rejected a central steering body in November 1935, on the grounds that "all questions are closely linked to the peace economy would exist" <sup>58</sup>. In concrete terms, this meant that Schacht was not prepared to accept the fuel industry as a separate area of the overall economy, the special one Regulations the Wehrmacht Reserved was.

shafts Vrefusal caused Hitler and Goering, itself in the conflict to intervene between the Ministry of War and the Ministry of Economics <sup>59</sup>. They rejected Schacht's "peace economy" concept because it would endanger their military-political planning to a great extent. Göring at the same time saw an opportunity himself influence on the Fuel policy to win. He intervened in his Characteristic as

<sup>55</sup> file note of Military Economic Staff front 11. 7. 1935 above the meeting in the Reich Chancellery at the front July 9, 1935, BA Wehrwirtschaft-Armament **Wi** IF 5/433, p. 719.

<sup>56</sup> Draft a lecture note from Major Czirnatis Speech at Blomberg, B.A Wehrwirtschaft-Armament **Wi** IF 5/433, p. 645.

<sup>57</sup> Write of the Reich Minister of War to Schacht from the 25. 10. 1935, B.A Defense Economy Armaments **Wi** IF 5/433, p. 631 f.

<sup>58</sup> note above the correspondence and the meetings re: Fuel Commissioner from 3. 6. 1935 away, (military economic staff) from the 29. 11. 1935, S. 3, B.A Military economy - armament **Wi** I F 5/433, S. 505.

<sup>59</sup> Meeting at Hitler at the October 17, 1935, at the the need of "recovery the "mineral oil supply situation" discussed became and writing the Reich Aviation Ministry dated July 27, 1935 and November 15, 1935. - Mentioned in one note of Military Economic Staff

„Reasons for the Deployment one Fuel Commissioner" (probably End of November 1935), BA Defense Economy-Armament **Wi** IF 5/433, pp. 495-499.

Reich Aviation Minister and Commander in Chief the air force and demanded the Placing a future fuel commissioner under his command.

At one such Solution were however neither shaft still Blomberg interested. Blomberg had to fear that the active air force chief would increasingly round him up and tried to counteract this through its own actions. The Fears his economic staff, that "the mistakes ... on dem Area of motorization and fuel economy ... to the most serious disruptions to mobilization and the "war economy". would be <sup>60</sup>, took he on the occasion of organizational drafts in January 1936 for the office of "Special Representative for the Mineral Oil Industry". <sup>61</sup> In this was Schacht in his function as

"General Plenipotentiary for the War Economy" was still seen as the highest authority.

The problematic Ask the supreme jurisdiction, at the Blomberg provisionally In favor of Schacht had taken a stand (probably mainly so that he himself would not be criticized by Göring, who was collecting more and more offices to be eliminated) seems to have been the reason why no decision was made by Hitler in the following weeks. However, an early solution was essential In March 1936 the fuel problem became even more urgent. Russia and Romania imposed oil export bans or suddenly demanded payment for deliveries in cash, so that At this point in time, the coverage of a third of Germany's total oil needs was at risk. In a memorandum, the military economic staff clearly clarified the connections between fuel supply and the foreign trade crisis and called for drastic measures to solve the crisis <sup>62</sup>. The acute Supply problem This may have been the reason for Blomberg to launch his plan January to revise, according to which the future fuel commissioner shaft should be under. At the same time, it was an opportunity for Göring to find himself - after first Keppler in the Conversation been was - recommended as a solution to the problem. At the 14th. In March 1936 he told General Kesselring that he had been appointed fuel dictator. <sup>63</sup> Some weeks later lay the overworked Draft one organizational plan for the

"Inspector General for the German Petroleum Industry" before, who nominated Göring as inspector general and Kesselring as chief of staff <sup>64</sup>. However, this plan was no longer implemented and was abandoned in favor of a more comprehensive solution .

<sup>60</sup> opinion of Military Economic Staff from the December 17, 1935, B.A military economy armor Wi IF 5/433, p. 475f.

<sup>61</sup> B.A Military economy armor Wi I F 5/433, S. 383 u. 385.

<sup>62</sup> The Portion the Imports at the German Total consumption fraud 1935 66 0/0- The half the Imports came from out of Romania (36.8 %) and Russia (12.3 %)- For this Doc. NI- 5380, p. 15; on export policy Russia and Romania please refer recording of military economics staff dated March 9, 1936, Doc. PS-1301, IMT XXVII, p. 1Z8ff.

<sup>63</sup> note above Meeting Boiler ring - major Czimatis from the March 19, 1936, B.A Military economy armor Wi I F 5/433, S. 321 u. 323.

<sup>64</sup> Organization plan from the April 4, 1936, B.A Military economy armor Wi I F 5/433, S. 297.



#### IV. THE INTRODUCTION OF FOUR YEAR PLAN

##### *1. The Raw material- and Foreign exchange staff*

At the 4. April 1936 took place one "Leader instructions, through which the Prussian Prime Minister Goering with the Test and arrangement all required I took it to improvement the Raw material- and Foreign exchange situation instructed" was <sup>65</sup>. The narrow one Connection from foreign trade crisis, Raw material- and Mineral oil supply was the Cause, that no isolated Solution on the individual areas was realized. After Declarations Göring's <sup>66</sup> were in the March 1936 shaft, Blomberg and special ministers guy at him approached, around him for the plan one common seeds Commission to Fix the Raw material- and Foreign exchange crisis to win. Schacht's intention, Göring as Sign to use against the party to take unpopular measures like throttling of the private consumption to enforce the actual Decision-making power however himself to exercise, should itself as fallacy he shows there the "Leader's instructions" the Powers in Göring's hand concentrated. By Goering · Expulsion law opposite the specialist ministries in the Ask the raw material- and The aviation minister was next to foreign currency procurement Shaft to the central one Figure of the German "Virtschaftspolitik. From the Entrustment to Göring goes not only out, which Meaning the Economic issues in this time for the National Socialist Country had; on this becomes also clearly, How very itself the position of regimes consolidated had, the it itself now afford could, one Man How shaft, the at widen Circling the German Business as a confidant and Guarantee more entrepreneurial Freedom was valid, for the Part the v power of dismissal Göring's to subdue. The full Effects this Force shift within the leadership class however first 1937 obvious. Göring's Task as Raw material- and Foreign exchange commissioner means factual How temporally the immediate preliminary stage for the Four-year plan. From Beginning at Göring made it clear that he would give it to him delegated powers to exploit thought. At the May 4th 1936 emphasized he, „that he in his Task not only a Examination committee see, rather that he the Responsibility for the necessary Adopt regulation become" <sup>67</sup>. His restrictive determination, that "one weakening of the Responsibility the Ministries ... included not enter should", was standing not with this in the contradiction, rather meant only, that he none new huge bureaucratic apparatus build, much more with one relative small Rod the relevant ones Guidelines set up, in the remaining but the existing bureaucracy as Exe

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<sup>65</sup> *George Thomas*, military economic history, S. 111.

<sup>66</sup> IMT **IX**, p. 319; Goering in Wrote from *Currently* 8th. 1937 at shaft, IMT **XXXVI**, S. 553, Dolt. EC-495.

<sup>67</sup> Goering on one Ministerial briefing at the 4. 5. 1936, B.A Military economy armor Wi I F 5/205, S. 541ff.

wanted to use cutivorgan. Still in April a working group was formed under the leadership of Colonel Löb (from Göring's aviation ministry delegated). He should as connection point to the Ministries serve, itself on the planning and Limit coordination tasks and not compete as an administrative body the specialist ministries take action. In addition, Göring planned the establishment of committees<sup>68</sup> and working groups as well as one expert committee out of circles of business, the advisory at the Solution the problems help along should. early May 1936 took the "raw materials and Foreign exchange staff", the five months later for the core of the Four-year plan organization began its work.

At the Göring's commission was neither a clear demarcation from the V\corporate staff the Wehrmacht performed been still opposite the general plenipotentiary for the war economy, to whom Hitler had appointed Schacht a year earlier. Despite Göring's assurance that he wanted to limit himself to planning work, this laid the foundation for conflicts between rival institutions. They contributed significantly to the power structure of the The spread of bureaucratic competence struggles typical of the National Socialist leadership state. On 2. In May 1936, two days before the ministerial meeting quoted above, the transport staff advocated the previous distribution of responsibilities. He demanded that the powers of the Wehrmacht and specialist ministries be given on the Area of the raw materials industry and the form of previous cooperation should be retained. According to his ideas, Göring's staff office should limit itself to the procurement of raw materials and foreign currency, but distribution should remain reserved for the existing positions<sup>69</sup>. Göring, dependent on support from the War Ministry, secured Blomberg on the 4th. 5. 1936 to, that the The Vehrmacht can continue to independently determine its raw material and foreign exchange requirements, and traffic with the monitoring bodies is carried out by the Vehrwirtschaftsstab have to be done and the Management of the economic Mobilization would remain a matter for the military staff. As cautious as Göring's tactics were towards Blomberg, his behavior towards Schacht was just as aggressive. Although it should According to Göring's ideas, the position of general plenipotentiary for the war economy should initially be retained, but this would be subject to his orders. This demand meant an open declaration of war on the Vice Minister. It wasn't enough that Göring had already eliminated Schacht's sole responsibility for economic policy, he thought now allow him to also focus on a wide field of economic policy - Göring's - authority to bend. For that was Schacht's position in 1936, which was an important one Support in parts of the industrial and banking world had, still too strong.

<sup>68</sup> The most important ministers such as Blomberg, Schacht, Schwerin-Krosigk, Darre, Kerrl,

Popitz and Funk should be represented in a small committee. The discussion on this too at Göring from 4. 5. 1936, BA Wehrwirtschaft-Armament Wi IF 5/203.

<sup>69</sup> note of Military Economic Staff from the 2. 5. 1936, B.A Military economy armor ,vi I F 5/203, S. 549f.

Despite the assurances to Blomberg, differences arose between the raw materials and foreign exchange staff and the military economic staff as early as May 1936 because Göring intended The petroleum industry has sole decision-making authority to assume. The Competencies should part dem Raw materials staff, partly to a special staff of the Ministry of Aviation. Blomberg tried in contrast, Göring's Expectations to push back to prevent that that one with help of his economic policy powers one-sided Benefits for the Luftwaffe secured. In June In 1936 he pointed this out to Göring areas of responsibility, „the because of of their even Meaning for all three "Vehrmacht parts" should be reserved for the decision-making power of the War Ministry <sup>70</sup>. In the opinion of the ministry, the raw materials and foreign exchange staff should only be responsible for regulating consumption outside the Wehrmacht and for fundamental questions of raw material requirements and the Development and Research responsible be.

Months later, in the September 1936, decided Göring the Fight in the Ask who in the event of mobilization the mineral oil management is due, in his favor <sup>71</sup>.

The cooperation the Rods became of that barely touched, especially the Argument at first purely theoretical nature was. In the practical one Work was limited Raw material- and Foreign exchange staff in the few months his existence on the one between Goering and Blomberg agreed Frame. The military economic staff or the Rods the individual parts of the Vehrmacht put furthermore self-employed the need at raw materials firm and transmitted the relevant data to the raw material and foreign exchange bar, whose Task be it should, the for the necessary to cover needs Measures to initiate. Within the Raw material- and Foreign exchange staff existed in turn one Division of tasks between dem Prussian Ministry of State, that the handled foreign exchange matters, and dem actual Raw material rod under Lieutenant Colonel Löb, the itself with the Raw material problems busy. The first measure of new staff was the Creation one foreign exchange balance and one inventory above the Supply situation at raw materials. Already in May 1936 were then in one Series of ministerial meetings the economic problems and their possible solution discussed <sup>72</sup>.

• This showed up again profound Differences in the economic policy conception, the an agreement himself in the Questions of most expedient way Procurement of foreign exchange and the distribution the currency and raw materials on the individual Economic sectors prevented. The opposites ignited itself always again at the Ask the pace of armament. While shaft itself in the interest one continuous

<sup>70</sup> Write from Blomberg at Goering at the Z3. 6. 1936, B.A Military economy armor vVi IF 5/433, p. Z57f.

<sup>71</sup> abstract out of file note of Military Economic Staff from the Z3. 9. 1936, B.A Wehrwirt shank armor Wi I F 5/433, S. 249.

<sup>72</sup> meeting of Council of Ministers at the 1Z. 5. 1936, please refer Doc. PS-1301, IMT XXVII, S. 135ff.; meeting of Council of Ministers at the May 15, 1936, B.A vVehicle Armor Wi I F 5Z03, S. 447ff.; meeting of Council of Ministers at the Z7. 5. 1936, please refer IMT XXVII, S. 144ff., Doc. PS-1301; Meeting of the expert committee see doc. NI-5380.

economic upward development for one - at least temporary - When he announced a restriction on armaments, Göring saw his task as "securing rearmament". One in front Economics Minister Arn 12. May 1936 recommended temporary throttling of the Armament speeds leaned Goering strictly away. Unconcerned with Schacht's argument that "the production of domestic raw materials... Its limit is where the export goods become more expensive" <sup>73</sup> , Göring called for an accelerated expansion of the substitute industries. The fundamental difference of opinion makes it clear: For Schacht, the point of view of economic efficiency was primarily decisive; Substitutes were therefore for It was only a stopgap measure until world trade was functioning again and would ensure better supplies for the German economy. But for Göring it was true that "everyone Measures should be viewed from the point of view of secure warfare" <sup>74</sup> . From this aspect, a strong foreign dependency had to be considered main danger appear and the Foreign trade could just one be granted a temporary subsidiary role. General Thomas therefore accurately characterized the intention and activities of the raw materials staff: "The work that Prime Minister Göring ordered, lay first on the Area the in terms of foreign exchange Financing the rearmament, and on the other hand, clarifying the raw material situation to secure further rearmament. " <sup>75</sup> All other goals were of only secondary importance.

Also noteworthy were the differences that emerged in the meetings of the Council of Ministers and the Committee of Experts in May 1936 on the question of export expansion, the as short term Measure of was considered necessary by all those involved as long as there was no efficient domestic raw materials industry. However, tough arguments arose between Schacht and the Prussian Finance Minister Popitz about the method to be used <sup>76</sup> . Popitz was of the opinion that System of permits and export subsidies The new plan appears restrictive. He advocated one fundamental liberalization of foreign trade and a reduction in the clearing arrangements that have so far been the focus. Göring could not agree to this far-reaching proposal for foreign policy reasons, as the granting or denying of preferences in foreign trade had become an important instrument of flexible bilateral foreign policy since 1934, especially towards the Eastern European countries States become was. Whose more targeted Mission hung from the The existence of the clearing agreements, which led to a considerable shift in trade towards the East and Southeast Europe had made possible.

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<sup>73</sup> protocol the Council of Ministers meeting from 5/12 1936, IMT XXVII, S. 140, Doc. PS-1301; more similar Opinions on Council of Ministers meetings at the 27. 5. 1936, IMT XXVII, p. 144ff., Doc. PS- 1301.

<sup>74</sup> protocol the Council of Ministers meeting from the 27. 5. 1936, IMT XXVII, S. 145. Doc. PS- 1301.

<sup>75</sup> **Thomas, military economic history, S. 112.**

<sup>76</sup> Meeting minutes the Council of Ministers meeting from the 5/15 1936, B.A vVehicle Armament Wi IF 5/203, p. 447ff.

For the promotion of Exports within the existing one created by Schacht institutional framework were in Summer 1936 a series of proposals submitted. The possibility of a devaluation of the mark, preferential treatment for export companies in the raw materials industry, and an expansion of the subsidy system were discussed and even one Intensification of commercial with the Soviet Union, which had fallen to a fifth (!) of its 1932 level in 1936 because of the anti-Soviet policy of the regime. These suggestions did not come from the Ministry of Economic Affairs, but were made in the expert committee by the directly interested industry or by "neutral" bodies or working groups <sup>77</sup>. Despite all the discussions and suggestions, there was no decisive revision of foreign trade policy because of the given demands on the production apparatus. Due to the armament at home, not much more than could previously be expected.

So limited man itself on minor support measures for the Export economy, which Colonel Thomas presented on the occasion of the export promotion meeting on January 1st. July 1936 to the pessimistic Characterization caused: "Result equal to zero. It became noted, that it not would be appropriate, new to adopt IVImethods, but rather that man only certain make improvements wool". <sup>78</sup>

A significant more purposeful Proceed showed itself at the Planning work for expansion the domestic raw material base. I-hier has the Raw material- and In the few months of its existence, the foreign exchange staff found its actual task and in the process also laid the foundations for the later activities of the four-year plan. Immediately after the formation of the raw materials and foreign exchange staff, the head of the staff office, Lieutenant Colonel Löb, the Munification represent that it possible be, to achieve Germany's mineral oil self-sufficiency within twelve months <sup>79</sup>. Between \_ center June and center August 1936 became from the Department "Research and Development" of Raw material- and foreign exchange staff in cooperation with Industry and science plans developed for the expansion of the German raw materials industry <sup>80</sup>. Furthermore, surveys were carried out about the processes under development for the production of substitute materials performed and related work promoted.

Leading points of view the Raw material planning from the Summer 1936 were the "Foreign exchange relief" and the "Fuse the German VVirtuality on domestic

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<sup>77</sup> So demanded Director General Birder *from* the United Steelworks one Activation of Russian trade (please refer B.A Military economy armor vVi IFF 5/203). A committee chaired by the former State Secretary Trendelenburg examined the "repercussions of currency equalization", and Prof. Serious Wageman (formerly head of Statistical Reich Office) was called in as an expert. (Goering to Schacht am 22. 8th. 1937, IMT XXXVI, p. 554, Dole EC-493.)

<sup>78</sup> Write *from* Thomas at boss of Wehrmacht Office in the R.KM *from the* 1. 7. 1936, B.A Military economy armament Wi I F 5/233, S. 401.

<sup>79</sup> Explanation Gramsch *from the* September 11, 1947, Doc. NID- 12616.

<sup>80</sup> The plans of the Raw materials and foreign exchange staff are in the BA, holdings of the Reich Ministry of Economics, R 25 RWM 23/57.

raw material base". Was the focus the Mineral oil planning <sup>81</sup>, but became In addition, plans have been drawn up for a further 14 subject areas. This should generate 600 million RM foreign exchange annually saved become, About what on mineral oil 250 mill. RM, on textiles 150 Mill. and on rubber 42 Mill. RM should be omitted. The overwhelming importance of this mineral oil was assigned, shows itself at the height the planned investments. Two billion RM should for the expansion the Petroleum production spent become, compared to 280 mill. for the Rubber-, around 80 million for the Textile industry and 60 million for iron ore mining. The planned total investments were at least three billion RM.

1\ With this expansion, a 100 percent share in the mineral oil sector was to be achieved by the end of 1939 cover of mobilization needs reached become <sup>82</sup>, at Rubber until the end of 1938 50% the need for mobilization and 55-60% of economic needs; The textile supply should be up to the same Time at 30% based on viscose; for technical fats, one third of the economic demand was to be covered by the end of 1938 be, at iron would have the cover furthermore considerably under 50% located. Even if fully implemented, the raw materials plan could by no means make Germany completely independent of foreign imports <sup>83</sup>; At least there would have been a significant reduction in the burden on the foreign exchange balance. This aspect may however not overrated become, at least there for Hitler and Göring the Preparation for the In case of war priority owned. The mentioned Plans were made in the Autumn 1936 through the Four-year plan considerably changed, but The activity of the Commodity and Foreign Exchange Staff strongly influenced later considerations. Although the Raw material plan in the version from summer 1936 was not implemented it thus formed the model for those that have followed since October Four-year planning.

## *2. The crisis in the Summer 1936*

The The activity of Göring's staff could not prevent the summer of 1936 already longer simmering foreign crisis and arms industry into one new and decisive stage occurred. It was suddenly illuminated by the impending foreign exchange deficit of more than half a billion RM and the fact that the German Ammunition plants due to lack sufficient raw material supplies only still

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<sup>81</sup> Here could the Raw material- and Foreign exchange staff already on a Draft plan of military economics staff dated May 27, 1936 To fall back on, of investments in Height from 1150 millions

RM provided (PS-1501, IMT XXVII, S. 149).

<sup>82</sup> There man this as unrealistic felt, became then anew on the specification the 1. plan version was used, according to which the mob's needs (except heating oil) would be covered until mid-1938. from 60-70 % should be en-eight.

<sup>83</sup> Himself at Realization the Suggestions of raw material staff were only a third of that would have been covered by average annual raw material imports (average for the years 1935-1938). and The main burden continues to lie with foreign trade.

70% of their capacity could be used <sup>84</sup>. At the same time, the proposals for expanding exports and increasing German raw material production were only on paper. Although exports began to gradually increase compared to last year thanks to increased world market demand, However, not all of the available options were used the risk is loser Domestic business the Willingness to export the Entrepreneur dampened. So explained It turns out that foreign trade only started in 1936 Status from 1933 reached, while the industrial production index reached 50% higher than in 1933.

Given this Difference from outside and domestic economic Development, which was an indicator of the growing shortage of raw materials and foreign exchange, seemed only the Adjustment of needs to the to low Raw material supply a to offer a quick way out of the crisis. This required clear political priorities, as either armament expenditure or private consumption had to be reduced. There was a reduction in mass consumption of imported goods and food but hardly possible anymore since he already in the two previous ones years in favor of imports important for armaments been shortened was. On the contrary: the foreign exchange requirements of the Ministry of Food for the second half of 1936 even increased to 852 million RM, so that the original estimate, the Secretary of State Backe had submitted to the cabinet in October 1934 was exceeded by 100% <sup>85</sup>. The demands of the Wehrmacht also pointed out on a more worsening of the crisis situation. In the August In 1936, the Minister of War demanded an increase in the defense budget for the current financial year from 10 on 13.6 billion RM, around the accelerated Lineup of 36 Army divisions until October 1936 and the Construction the air force until April to be able to complete it in 1937 <sup>86</sup>. This enormous increase in armaments was expressed in the fact that in 1936 the Wehrmacht's need for raw materials, as calculated by the military economic staff, was almost double that of 1935 <sup>87</sup>. This made it clear that the The goals of rearmament and better or even constant supply were ruled out if it was not possible to solve the supply problem using new methods.

Göring initially tried to avoid a decision by recording of all "in German possession located foreign securities as well as the accelerated collection of German outstanding goods and the possible realization German Foreign investments" ordered <sup>88</sup>. This special promotion,

<sup>84</sup> Information from the high command of the Army (OKH) in a letter from the OKH at WStb on August 3rd 1936, BA Military economy armor Wi I F 5/203, S. 387/389.

<sup>85</sup> memorandum of military economic staff, the from Blomberg at the 27. 8th. 1936 was signed; BA Military Economy Armor Wi IF 5/203; pp. 145-165.

<sup>86</sup> Write from Blomberg at shaft front 31. 8th. 1936, Doc. PS-1301, IMT XXVII, S. 150ff.

<sup>87</sup> For the Raw material requirements the Wehrmacht in the years 1935 and 1936, Doc. PS-1301, IMT XXVII, S. 125 f. Thereafter rose the Requirement e.g at Iron ore (in fe) from 80 000 to 130,000 mto, at manganese from 4000 on 7000 mto, at Lead from 3520 on 6500 mto.

<sup>88</sup> Write from shaft at Goering Q"Orn 5. 8th. 1937, Dole EC-497, IMT XXXVI, S. 574. The

since August 1936 against the fierce resistance of Goebbels carried out, brought a one-time foreign exchange sum of half a billion RM, half of which was used to import food and half to cover the most urgent raw material needs <sup>89</sup>. For the moment you could do this in this way through exhaustion the last Reserves the biggest difficulties solve, but was It was clear to Göring and those responsible at the Ministry of Economics that such a non-repeatable - measure not a real and lasting solution represented.

Göring therefore called for further memorandums to accompany the reports already available at, around new ways to the solution of economic problems to find. Also the Former Leipzig mayor and price commissioner Carl Goerdeler, who was highly respected in business circles, was commissioned to prepare a proposal on August 7, 1936 <sup>90</sup>, whereby him the memoranda prepared earlier from Trendelenburg and Thomas hand over became <sup>91</sup>. End In August, Goerdeler completed the preliminary version of a memorandum in which, in accordance with his liberal-conservative economic views, he adopted the Trendelenburg Committee's devaluation proposal and free foreign trade, a restrictive budget policy and restrictions on armaments and raw material imports, even if this would reduce the number of unemployed people going around about should rise to two million. Substitute production and other self-sufficiency measures leaned Goerdeler away.

These proposals meant that opposite of what Hitler, Göring and the Reich War Minister wanted it. Göring described the memorandum at the Ministerial Council meeting at the 4. September as "fully unusable" <sup>92</sup>. Goebbels on the other hand, that the Contents the memorandum already in the last August days known was, saw in this apparently one welcome=ene back strengthening, the him caused, to urge Göring to make fundamental decisions on the question of foreign and foreign exchange <sup>93</sup>. Around the Economic policy to influence in his mind occurred Goebbels even the Way to the "public" on, by he on 20. August before

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Legal basis offered the Law above the Foreign exchange management from the February 4, 1935 (RGBl I, 1935, p. 105ff.) as well as the various implementing regulations. A more precise regulation was provided by the 7th DVO of November 19, 1936 (RGBl 1936, p. 946), which the depository requirement for foreign securities.

<sup>89</sup> Goering at Goebbels at the August 22, 1937, EC-493, IMT XXXVI, S. 557f.

<sup>90</sup> So *Gerhard Knight* (Carl Goerdeler and the German resistance movement, Stuttgart 1955), S. 80ff.

<sup>91</sup> Thomas should be here for one Restriction of armaments and increase of exports, as he writes in the military economic history (p. 114): "The military economic staff supported... against the view of the Wehrmacht parts, the German export efforts with all their energy, even if this means that in individual points the smooth process the Armament for was disturbed for a short time."

<sup>92</sup> protocol the Council of Ministers meeting from the 4. 9. 1936, Doc. EC-416, IMT XXXVI, S. 490.

<sup>93</sup> Please refer to the Write from Goering at Goebbels at the August 22, 1936, B.A. Military economy armament Wi IF 5/203, p. 287ff.



the Gauleiters, Reich Governors and Prussian President the economic difficulties and the appointment of Goerdeler as prize commissioner demanded <sup>94</sup>. shaft - even in the Party quite disliked - On the one hand, this step sought to counteract the widespread dissatisfaction within the NSDAP and especially among the Gauleiters prevailed at the same time because of a lack of information about economic policy measures but also the growing opposition opposite one V\Business policy to take advantage of the fact that the burden of rearmament was placed one-sidedly on the workers, who claimed the party for themselves sought to win.

Schacht's attempt to make a decision that he liked at the height of the crisis General line of commercial policy However, trying to force it failed. Göring refused to comply with Schacht's demand for a fundamental economic policy discussion in the Council of Ministers. All important decisions were to be postponed until the second half of September, apparently - Göring told the urgent Schacht - because there was still a lack of precise documents and not all of the requested reports had yet been submitted. Actually had itself Goering with Blomberg, whose After urgent wishes had been fulfilled in August with special currencies, this delay tactic was agreed upon. Both knew of Hitler's intention to make fundamental decisions at the upcoming party conference to announce economic policies that would fully correspond to their intentions.

### *J. Hitler's Memorandum*

Under the impression of the acute crisis, Hitler finally had his way in August 1936 The realization prevailed that Schacht's economic policy and his own arms policy goals, especially the scope and speed of the rearmament they desired, were no longer compatible with one another. In a fundamental memorandum, which are among the most important testimonials the long-term goals of the regime counts, laid Hitler his Views on economic policy Position and the future course of economic policy. The great importance Hitler attached to this memorandum is evident from the fact that in 1936 only Göring and Blomberg received a copy and as only learned the full text. Hitler presented a third copy to the Reich Minister in 1944 for Armament and war production, Albert Speer, according to his testimony with the "\cakes: "The ignorance of the Reich Ministry of Economics and the resistance of the German economy to all generous plans caused him to write this memorandum on the Obersalzberg to be developed." <sup>95</sup>

After Speers estimate originated the Memorandum in the August 1936. This Ver-

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<sup>94</sup> For this protocol the Meeting from shaft with the Reich governors and Supreme President at the August 20, 1936, BA Military armor Wi IF 5/205, p. 295 ff.

<sup>95</sup> For this Doc. NI-4955, Statement spear from the August 22, 1945.

The assumption is made by the crisis development presented confirmed in the summer of 1936. Hitler was apparently from Goering continuously over the controversial discussion to resolve the raw material and foreign exchange problems was informed, which was already reflected in the memorandum's references to the resistance of parts of the industry and the Ministry of Economics against the production of substitutes. After setting up the raw materials and foreign exchange staff, Hitler received suggestions from Göring on how to overcome the crisis required to secure rearmament, the him this one in shape the one on the 15th August 1936 completed Raw material plans ago wore <sup>96</sup>. Hitler then probably wrote his memorandum between mid and late August, which became the programmatic basis of the four-year plan policy should.

The memorandum is divided into a general political and an economic political one Part <sup>97</sup>. There is between both Split a tighter context, since it was Hitler's intention to integrate the functions of the German economy within his overall political concept to determine. Typical of him, Hitler first developed his Social Darwinist philosophy of history. The moving principle of all history is for the peoples' struggle for life is killing him the "Assertion of existence". The modern A variant of this fight is the argument Germany with

"Marxism and Judaism" - This is the description of the Soviet Union, at whose expense the National Socialist spatial policy was to be implemented. Next to Germany are for Hitler only still Italy and Japan in the Location, the to take up battle with world Bolshevism - a very direct reference to the imminent Anti-Comintern Pact. After the enemy has been pinned down, Hitler draws the political conclusion: "Considering the necessity of warding off this danger have all others considerations as entirely irrelevant in the To step into the background!" That meant for Hitler in particular, that "the extent and the pace of the military Evaluation ours Powers... not large and not "can be elected quickly enough" because Germany has the strongest army in the world need, around in dem gigantic Battle the people consist to can.

It should be the task of the economy to create the conditions "for self-assertion" of the people. This meant that it had to provide the necessary armament potential to... confrontation to have grown. Given the limitations of the Germans economic power and the It was a narrow space for Hitler agreed that there would be a final one Securing the existence of the German people ultimately only through "expansion of habitat or the raw material- and nutritional basis" possible be. The alternative For this was the danger for him that part of people because of malnutrition and hunger "as more valuable

<sup>96</sup> Hereon suggests Hitler's demand in his memorandum that Germany in 18 months on dem Fuel sector independent be must. Actually saw the Plans from August 15, 1936 provided for extensive independence until April 1938. Hitler would hardly have self-employed one like that temporary expansion required; he must the knew the plans.

<sup>97</sup> See *W. Treue*, Hitler's memorandum on the Four Year Plan 1936, quarterly magazines for contemporary history, volume 5 (1955), p. 184ff.

factor of body of the people" to be billed were, by which in turn the The entire people's chance of survival is in question. The German economy could only temporarily secure the national existence, but even this required a fundamental one Revision of the previous Politics.

The economy therefore had to fulfill a dual function: once in the next few years, the economic conditions of existence within the specified limits frame to to guarantee and for the others the requirements for the

To create a "definitive assertion". That meant an economic one, corresponding to the military one to initiate rearmament and every measure of economic policy on the agree on the final goal. In a transitional period, the necessary imports should be maintained in food, but they shouldn't "At the expense of national rearmament" go. More than a complementary one role could according to Hitler's opinion the Foreign trade but also in near Future not play, there given the global sales competition for the German economy barely additional Export markets found become Hitler's transition program for the economy therefore pointed the way to resource autarky, the one with the plans of the Industry, the V\Tehrmacht and of raw materials and foreign exchange staff had already been prepared. In the individually he demanded:

1. The economic armament must take place in accordance with the military and political armament.
2. For this purpose, wherever the demand can be met through domestic production, "foreign exchange should be saved in order to direct it to those needs that can only be met through import under any circumstances ."
3. The expansion of German fuel production "should be completed within eighteen months".
4. The Mass manufacturing from synthetic rubber must be performed .
5. The expansion of the German iron ore base, the synthetic production of industrial fats Increased support for all processes that Germany uses in the supply of raw materials from the Abroad independent make would, be accelerates in to guide the paths.

Over and beyond should on all areas, there this accessible be, The earliest possible self-sufficiency should be achieved "regardless of the costs". This meant that the doctrine advocated by Göring and the War Ministry became the guiding principle of economic policy, which, in cases of doubt, subordinated economic arguments to the primacy of the military economy. It is therefore not surprising that Hitler wrote in the memorandum with everyone those billed, which - How shaft and parts the Industry - had previously refused Self-sufficiency policy as sole guideline of the Germans Economic policy to apply, and with factual arguments for a slowed down tempo the armor occurred were. So is called it:

„The People lives not for the economy or for the business leaders, economic or financial theories, rather the Financial and the Business, the Business leader

and all theories have exclusively this struggle for self-assertion of our people to serve." Included leaves it Hitler but not apply, because everywhere, at the "smart economic politicians" from the Ministry of Economics, the "theorists" and those branches of industry that economic points of view about political positions, he senses obstruction, betrayal and "resistance to his plans. He accuses the previous economic policy of almost letting "four precious years" pass in vain. The industry that does not understand the "new economic tasks", ie Concerns about autarkization expresses, he threatens that "It is not Germany that will perish, but only a few economists at most," especially since "the National Socialist state will know how to solve this problem on its own" if "the private sector believes that it is not capable of doing so ... "To all those who should continue to dare, "a conscious sabotage of the national self-assertion" to operate, threatens he with Death penalty, where For him, the current reason is to secure all foreign exchange reserves available abroad. After these threats, the memorandum finally culminates in the demand that the army and the economy must be "operational" and "capable of war" in four years.

Despite the many situation- and time-specific expressions of will, the real key to understanding the memorandum lies in the reference to the event of war. For Hitler, the revision of economic policy was part of an overall strategy that consciously took military conflict into account and required an invulnerable economy for this. The references to the crisis of 1936 probably explain the timing and the specific form of the economic policy reorientation, but not the fact of the change of course now planned by Hitler. Even without that Difficulties that year it would be Sooner or later there will probably be an "autarkistic" revision of economic policy, like that of Hitler already announced in 1935 had <sup>98</sup>.

The detailed economic policy Demands for a broad raw materials program show the influence of the military economic staff as early as 1933 and 1934 and the IG colors presented Plans. New was however, how emphatically Hitler now degraded economic policy into an instrument of armaments policy and how openly he attributed economic self-sufficiency to the future creation of living space. This connection proves that Hitler consciously included violent expansion in his foreign policy calculations by the summer of 1936 at the latest .

Hitler has to to have been conscious - the proves his sharp polemic against the Minister of Economics -, that the open transition to autarkization and militarization the Business out of different Found not with one economic

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it At the party conference 1935 had Hitler stated: "So far ... our export does not the With the means to purchase the raw materials and food we need, we have decided to make Germany independent of imports by producing our own materials." (The party conference of Freedom from 10th to 16th September 1935, Munich 1936, p. 37.)

administration was to be carried out, at the head of which was Schacht <sup>99</sup>. Hitler's goals could not be reconciled with his views and methods. The unorthodox economic policies in the first years of the regime, such as the New Plan and the type of armaments financing, were viewed by Schacht as a transitional measure until the "Normalization" of internal and external economic relations was valued and justified as such. An economic policy that consciously pushed economic considerations aside and posed new, previously unknown tasks of planning and plan implementation, Schacht, as an exponent, opposed the conservative economic bureaucracy. Hitler had therefore already created an economic staff independent of Schacht in the spring of 1936, to which he could now also delegate the tasks of a new economic policy. Hitler was able to limit himself to expanding Göring's powers and let future developments be his ambition and direct interest in raw materials Aviation Minister left. It corresponded all the same usual tactical Proceedings Hitler's decision to leave the two very different exponents of economic policy in office in 1936, even though it had long become clear that Schacht and Göring could not be active at the same time in the long term.

The extent to which Hitler had already written off his economics minister by this time is shown by the fact that Schacht did not leave office until the 2nd. September of his intention learned, on the upcoming party conference to announce a large economic program. He did not know the memorandum itself, so he was not aware of the full scope of Hitler's goals. But he already accepted the little that he heard occasion, in the last days before Party conference to fight against the planned revision of economic policy. Schacht feared - regardless of his fundamental concerns - that that a self-sufficiency program would seriously impair relations with foreign countries and German export opportunities, without the plan guarantee real progress in the production of substitutes. He tried by colonel Thomas the War Minister against the Hitler's intentions to mobilize. Even later he believed that Blomberg "was the only minister of all been, on the Hitler perhaps heard would have" <sup>100</sup>. shaft tried to take advantage of Blomberg's self-interest by pointing out that pushing the expansion of raw materials would endanger rearmament and food supplies.

shaft's intervention was however in vain, there the Minister of War itself with

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<sup>99</sup> Typical 'LUR attitude Hitler's opposite the Conception shafts are his following statements at the Führer's headquarters in 1941: "Especially when waging a war, it is crucial that the peacetime armament is focused exclusively on the necessary war performance and the to be sought military success. That have one "Man like Schacht completely misunderstood this and made his rearmament work extremely difficult for him, the boss." (*Henry Picker*, Hitler's Table Conversations in the Führer's Headquarters 1941/42, ed. from P E Schramm, A. Hillhuber, M. Vogt, Stuttgart 1965, S. 275.)

<sup>100</sup> Hjalmar *shaft*, 76 Years mine life, bath Wörishofen 1955, S. 464.

Goering a long time ago arranged had and the goals the Memorandum knew and approved. In the Council of Ministers meeting on the 4th In September 1936, Göring was able to present Schacht and the other cabinet members with a fait accompli. He read in an authoritative manner Excerpts from the memorandum as "general instructions" for the Execution and Ensuring the Armor <sup>101</sup>. The ministers opposite He motivated the planned four-year plan by saying that the available memoranda had shown that a solution to the foreign exchange problem could not be achieved through further export promotion be possible. Over the political meaning of program, no minister was left in any doubt Goering the The meeting concluded with the words: "All measures must be taken as if we were in the stage of impending war danger." Five days later, Hitler announced his new program, the second four-year plan, to the German public in Nuremberg.

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<sup>101</sup> protocol the Council of Ministers meeting from the September 4, 1936, Doc. EC-416 IMT XXXVI, S. 488ff.

## ZWEITER TEIL

### PLANNING AND PLAN EXECUTION

## I. THE FIRST PERIOD OF FOUR YEAR PLAN (1936-1938 )

In the development of the four-year plan Three clearly distinguishable phases can be identified: the time of relatively wide-ranging planning and activity in between October 1936 and summer 1938; the Time entirely on war economics Mobilization more oriented Priority planning from July 1938 to outbreak of war September 1939 and the period of Merger of the four-year plan with the actual war economy from autumn 1939 to 1942. These three periods are equivalent to also changing institutional to form of four-year plan.

On October 18, 1936, Hitler issued the “Ordinance for the Implementation of the Four-Year Plan”. It read:

“The realization that of mine The new four-year plan announced at the Party Congress of Honor requires a unified direction of all the forces of the German people and the tight summary of all relevant responsibilities in the party and state.

I am entrusting the implementation of the four-year plan to the Prime Minister, Colonel General Goering.

Prime Minister Colonel General Göring meets to fulfill the measures required for the tasks assigned to it and has the authority to issue legal regulations and general ones Administrative regulations. He is entitled to all authorities, including the highest Reich authorities and all departments the party, theirs Outlines and the her connected Associations listen and with Instructions to provide.”<sup>1</sup>

With this broad general authority, Göring was practically a dictator in the area Economy ordered. He grabbed his activity too consciously wide open, as when he declared on January 30, 1937: “The four-year plan will ... in the next few years for the be determining the entire economic and social policy.”<sup>2</sup> This comprehensive claim resulted in an equally comprehensive organization, although Göring had emphasized in his first decree as representative for the four-year plan: “The task assigned to me will be processed with the greatest possible involvement of the responsible departments, whose responsibility remains unrestricted. New offices will only be established to the extent absolutely necessary.”<sup>3</sup> Structure and development of the new four-year plan organization become now presented in detail.

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<sup>1</sup> RGBI 1936, I, S. 887.

<sup>2</sup> Please refer magazine ‘The four-year plan’, Official Messages of the representative for the four-year plan, Prime Minister Colonel General Göring, 1937, p. 66.

<sup>3</sup> The four-year plan, 1937, S. 36.



### *1. organization and Distribution of functions*

The basic principles of the organization of the four-year plan were laid down in Göring's first decree of 22. 10. 1936 <sup>4</sup> fixed. As an administrative center of four-year plan The Prussian State Ministry acted since the synchronization the states had lost their previous tasks. For the Fundamental decisions the four-year policy plan became - How already in the era of Commodity and foreign exchange staff - a small council of ministers is planned, consisting of the Reich Minister of War (**von** Blomberg), the Reich Minister of Finance (**von** Krosigk), the Reich Minister of Economics (Schacht), the Reich Minister of Food (Darre), dem Prussian Finance Minister (Popitz), Reich Minister guy, the as Special Minister already in the spring of 1936 from Hitler had been entrusted with economic policy tasks, the head of the Reich Chancellery Lammers and Keppler "as general expert for the development of German raw materials and plastics". State Secretary Körner from the Prussian State Ministry should also take part in the meetings. as Representative of Göring in ongoing business

- and the Director the Business groups of four-year plan participate.

If the Committee of Ministers was to be responsible for the fundamental decisions, a so-called General Council was planned as an executive coordination body. He should "provide the necessary cooperation in ongoing business the various departments involved in the four-year plan " <sup>5</sup> secure. That's why it should, above all, also focus on economic policy Plans of the ministries and the individual four-year positions combine them into an overall plan and monitor its implementation. Members of the General Council were the department heads of the four-year plan and the state secretaries the business departments, provided they were not already members of the committee as department heads <sup>6</sup>.

As is often the case in... National Socialist State gave way also in case from Minister council and General Council the formal and factual Competencies far from each other. It soon became apparent that the Council of Ministers had no significance for the four-year plan and in October 1936 by Göring only as external Gesture to Schacht and other ministers thought was. As well like the entire cabinet, this occurred economic policy "Core Cabinet" barely ever to one meeting together. Goering had I have no interest in this, as a collegial decision-making process at ministerial level only limits its authority to act would have narrowed. To the extent that Göring considered official contact with other ministers necessary, he preferred bilateral negotiations with the others Departments dem Collegiate system before.

<sup>4</sup> Decree above the execution of Four-year plan from 22. 10. 1936, Dole. NG- 1221.

• Decree on the reorganization of the Reich Ministry of Economics and the extension of the four-year plan, Doc. NID-13629, p. 4f.

<sup>6</sup> The minutes of the General Council meetings up to 1939 can be found incompletely in the BA, inventory "Industrial, economic and raw material situation in the Reich and abroad", EAP-66-c-12-62/83. Out of The minutes show that the General Council did not to one decide that instance became. The task, the Individual planning to one Overall planning to unite, he didn't fulfill it. She remained with Government office for German raw materials and materials and their authorities successors.

More important than became the Council of Ministers the General Council. He developed itself to a real one working committee, in dem in weekly meetings all problems of the Four-year plan and general economic policy were presented and discussed. The General Council thus partially took over the functions intended for the Council of Ministers. But also that General Council was able to carry out its original Powers not full enforce, there Göring does not believe in binding decisions was interested. Until the outbreak of war, the General Council remained an active but relatively fluid contact and consultation body, while the concrete decisions were made by Göring's headquarters or within the individual departments of the four-year plan met became.

For the ongoing work and For the practical implementation of the four-year plan, six departments were formed based on relevant institutions of industrial self-government were called business groups. The individual business groups were responsible for the production of German raw materials and materials, the distribution of raw materials, the use of labor, agricultural production, price monitoring and foreign exchange matters. The business of the "Production of German Raw Materials and Materials" group was divided between the Office for German Raw Materials and Materials and an office headed by Keppler, which was responsible for "planning and "Manufacture of industrial fats". Keppler therefore had surprisingly little authority compared to the years as he practically alone for Questions the Substitute production responsible been was. He Had to subordinate himself completely to Göring and was given a comparatively subordinate position, even though he was competing in March 1936 Göring, still for the spot one fuel commissioner in the Conversation been and in the July 1936 at least still as second man behind Göring was intended <sup>7</sup>. Instead of the skills promised to him for this Total area of raw materials including the He had to take part in the petroleum industry in October 1936 the had to be content with the modest function of a business group leader, possibly one reason why he soon left economic policy entirely and took on an important position in the field of foreign policy.

The old party comrade was appointed head of the "Raw Materials Distribution" business group and Baden Prime Minister Köhler ordered. Be Order included the "appropriate distribution the raw materials on the different needs under Taking into account their urgency" <sup>8</sup> and dealing with the issues related to the import of raw materials. Köhler also included measures to expand the domestic raw material base, questions of increasing exports and the substitution of foreign raw materials with domestic ones. In terms of his task, Köhler seemed to be one of the most important figures of the four-year plan to become. Actually proved he itself but soon as one the weakest representatives, there his order with him overlapped with that of the Raw Materials Office and it to him didn't succeed

<sup>7</sup> File note Kepplers above one Meeting with Goering at the 6. 7. 1936, BAR. 26 I/1a.

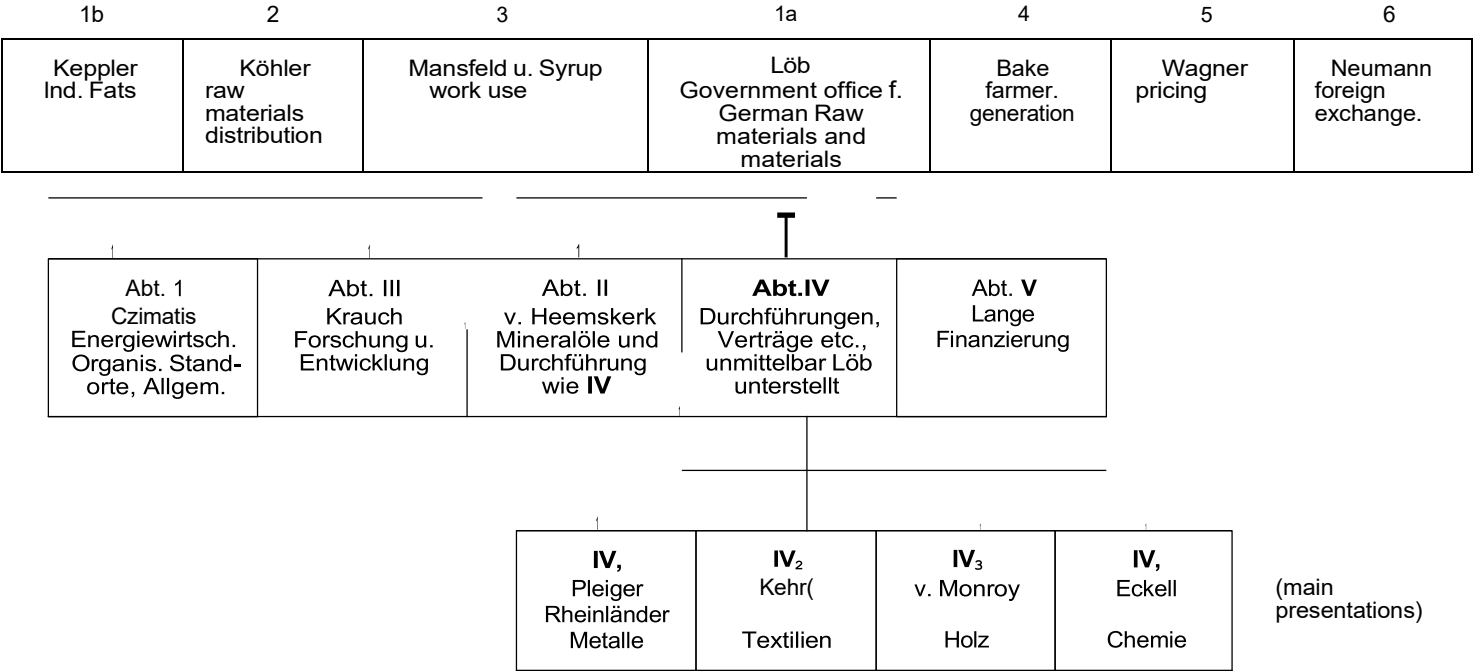
<sup>8th</sup> W. Charcoal burner, The Tasks the business group raw material distribution, The Four-year plan, 1937, p. 69f.

organization of four-year plan (Was standing December  
18, 1936)

(after document NI- 4706)

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Prime Minister H. Göring  
representative f. d. VJP



the Head of for the A- and export, which is why - in contrast to the raw materials office - it lacked its own functioning apparatus.

The business group "Work commitment", whose The task was "The power requirements for the smooth one Implementation of the new one four-year plan to ensure" <sup>9</sup>, he held a double tip. Ministerial Director Mansfeld from the Reich Labor Ministry took over the Department Social policy within the business group, the president the Reichsanstalt for Employment agency and unemployment insurance, syrup, the Labor deployment department. None of the departments had within the four-year plan organization about one larger rod, so that Mansfeld and Syrup more the had the task politics of Ministry of Labor and the Reichsanstalt the needs of four-year plan to vote, because himself within the new organization to take action. Was similar the situation at the business group "Nutrition", whose Line one the most decisive champion of the idea of self-sufficiency, State Secretary Backe from the Ministry of Food took over. Also here was valid it especially, about the Person Backes his agricultural policy Ministry and of the Reich Food Stand the to coordinate industrial planning of the four-year plan, but not, competing institutions of the four-year plan. To the leader the foreign exchange business group particular Göring Ministerial Director Neumann from the Prussian Ministry of State, the here already since the end of 1935 for Goering one own economic policy working group to Observation of the inner and external economic situation. Since the State Ministry at the same time the was the leadership center of the four-year plan Neumann additionally the coordination the individual groups and the Preparation of laws and Regulations of the representative for the four-year plan transmitted. The most important authority in the four-year plan was the Office of German raw materials and materials, the the Succession of raw materials and foreign exchange staff took over. His tasks as well as his personnel In scope, it was the heart of the entire four-year plan organization. On Reason of the decree from 22. October 1936 was it responsible for the production more industrial Raw materials, the planning and manufacturing German substitutes, the coordination and Financial support the for that necessary research tasks and the Expansion of the German Petroleum industry including the management of imported and other species outside the four-year plan. From the area the generation more industrial apart from fats, united the Government office at itself all important tasks in Area of industrial raw materials management. His jurisdiction ranged from the Research and Planning until for construction of the production facilities. Only at the financing the planned projects had to the Government office his Competencies with the Ministries for Finance and

Business split.

At the Great of office was standing Colonel Löb, the already in the spring 1936 von Göring from the Aviation Ministry to a leading position in the raw materials sector and

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<sup>9</sup> F syrup, Four-year plan and work effort, The four-year plan, 1937, S. 14ff.

Foreign exchange staff had been assigned. Five departments <sup>10</sup> were subordinate to him. Division I was under Major Czimatis for the energy industry, location issues and general Planning problems responsible. Some Months after dem first Organizational decree became major Spirit for the Director the appointed department, the itself afterwards with concerned with the questions of overall planning. Czimatis was made boss by Löb of appointed staff. Division II, from Major von Heemskerck led, was responsible for the expansion of the mineral oil industry, Department III under I. G. Farben director Carl Krauch for research and development, department V under Lange with questions about financing. Department IV was divided into four main departments that reported directly to Löb. The main report Iron directed the former Mechanical engineering manufacturer and district economic advisor from Westphalia-South, Pleiger, responsible for textiles was the Silesian textile entrepreneurs Hans Kehrl, for the presentation Wood Forester of Monroy out of the - Göring subordinates - state forestry administration and for the main chemistry department, a scientist from IG-farben, Dr. Eckell.

Striking on the personnel composition of Office was once the high proportion of Wehrmacht officers, who came primarily from the Aviation Ministry. Their influence was also evident not least in the military structure of the office, as reflected externally in the positions of a chief of staff and its own defense department (Lieutenant Colonel Oster) documented. The weight of personnel was no less remarkable for an economic policy authority from representatives the Industry, the focused in those Departments could be found that required special technical expertise. In contrast, career civil servants from the Ministry of Economic Affairs or other branches of economic administration were not represented in leading positions. So Göring did already in personnel policy and in the organization of his central office made it clear that he wanted to take a course that deviated from previous economic policy. The party's influence was surprisingly small. Lange, Pleiger and Kehrl were standing particularly close to the NSDAP, but for Kehrl his position in industry and industrial self-administration played a more important role than his loyalty to the party. This relatively low representation is partly explained by the fact that the influence of middle-level officials and never their officials generally declined as a result of the process of oligarchization within the party. But what was probably more important was Göring's intention not to burden his new empire with too strong ties to the party hierarchy, which would make it frictionless Function and his leadership position only endangered would have.

In the overall organization of the four-year plan, however, the influence of various party divisions was more strongly preserved. Four of the seven business group leaders held high party positions (Wagner) and came from party departments (Keppler). or were as Party officials in important government positions (back, charcoal burner) delegated been. Two the Business groups (Currency, work effort)

<sup>10</sup> Organizational plan as of December 18, 1936, Doc. NI-4706. Organization plan dated August 1, 1937, Doc. NI-4703.

became from administrative professionals guided, the here also stronger were represented as in Commodity Office.

Reich Commissioner for the Pricing and with it Director the Pricing Business Group, the next to dem Commodity Office main instance the four-year plan organization, was on October 29th 1936 the Silesian Gauleiter Josef Wagner. Already some Years earlier, in currently from the December 1931 until December 1932, then in turn between November 1934 and July 1935, was Carl Goerdeler Reich Commissioner for Price monitoring been, so that Wagner's office already had a tradition. Despite the similar name there was between that new Price Commissariat and his precursor however weighty Differences. Goerdeler had at the time the very limited Order receive, while the World economic crisis that was imposed by the state Lowering compatible more bound Prices to monitor, thereafter he had the pricing policy the Cartels checked. For that had it none huge Authority requires Goerdelers Government office duration out of some few officials. In contrast, the new Price Commissioner one top Reich authority - the classic ministries equal -, the itself as only instance of four-year plan in shape of the pricing and Price monitoring agencies a own Administrative support down to the circular level. The was price commissioner for the "Monitoring of pricing for goods and Services of any kind" <sup>11</sup>. In addition to monitoring, permit and price fixing occurred as something completely new the Task, "economically justified" Prices to form. An authority should do so take the place of free market pricing. This task proved itself later as sheer insoluble, so that itself the Price Commissioner - as below still to represent is - ultimately but on Price monitoring and the decree very much more general Guidelines for the pricing restrict had to. The price was set for Prices from only local importance to the Supreme Presidents (in Prussia) or. the supreme delegated to state authorities, for the surveillance The prizes were awarded to the district presidents and district governments responsible <sup>12</sup>. The powers of Price Commissioner became from one comprehensive Criminal pricing law supplements the administrative penalties any height allowed. No other organ of the four-year plan had legally one similar strength Position, the itself in in practice to a large extent Independence towards Göring and the four-year plan showed central.

The until now sketched Organization concept of four-year plan stayed only for short time valid. In summer In 1937 there was a minor reform that affected the core of the organization still not touched; in the February 1938 became then entire Organization structure of Four-year plan changed. The most important measure the small reform was the resolution the business group Raw material distribution <sup>13</sup>. The occasions

<sup>11</sup> Law to Order one Reich Commissioner for the Pricing from the Z9. 10. 1956, RGBI I, 1956, p. 9Z7f.

<sup>12</sup> First order on the exercise of the tasks and powers of the Reich Commissioner for the pricing from IZ. IZ. 1956, The Four Year Plan, 1957, p. 40f.

<sup>13</sup> Order concerning changes to the organization of the four-year plan, The Four-Year Plan 1957, p. 4Z5.

but they were unsatisfactory. The functioning of the iron and steel quota system, which was only introduced in the spring of 1937, and the need to in view of the industry's resistance to the Göring's expansion plans a strong central office for the to create the iron sector, and finally the factual overlap between the raw materials distribution business group and the activities of the raw materials office.

In July 1937, under pressure from the Wehrmacht, the existing system of raw material distribution was revised and Colonel von Hanneken was appointed general representative for the iron and steel industry by the Army Weapons Office <sup>14</sup>. He took over the most important tasks of the previous business group, their main activity also regulation of iron market. With the A new position was recorded a certain personality related organizational form, the the usual state administration their hierarchical Functional breakdown foreign was. She formed the Model the later Development, because

just a year later, the institution of the "plenipotentiary" was representative of administrative action in the four-year plan. This "personalization" also took hold in others branches the Administration through; she wore decisive in addition at, bureaucracy and Country in the traditional sense from Inside here to decompose.

To the extent that the previous tasks of the business group did not empower the new general were assigned, they went into the competence of the other groups and two newly created Instances above, of Commissioner for the Waste material collection and the foreign trade business group. SA brigade leader Ziegler became commissioner for old material and worked closely with the National Socialist party branches in the following months. At the request of the National Socialist foreign organization, its official Major von Jagwitz became the head of the foreign trade business group.

The major organizational reform was initiated with decrees of February 4th and 5th, 1938 <sup>15</sup>. It is no coincidence that it coincides with the change in the military organization structure together; both Measures are Expression Significance of the power shifts within the regime in the spring of 1938. Most important result the reform was the Incorporation one Part the Four-year plan authorities in the business area of Ministry of Economic Affairs. This Solution was only possible for Göring after shaft Resigned as Minister of Economic Affairs in 1937 that he now undisputedly supreme authority of economic policy was. Göring had previously feared that a merger of the economic bureaucracy and the four-year plan would only would strengthen Schacht's position.

The objective reason for the major reform was the lack of efficiency of the four-year plan authorities. Out of dem previous Goring staff from 58 persons (including

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<sup>14</sup> report from the July 24, 1957 above one meeting at Goering, Doc. NI- 555.

<sup>16</sup> arrangement to Reorganization of imperial and Prussian Ministry of Economic Affairs from the

4. February 1958, The Four-year plan, 1958, S. 105. Decree above the Reshuffle of Reich Ministry of Economics and the continuation of the four-year plan, Doc. NID-15629.

Organization plan of Ministry of Economic Affairs after the reform from the February 1938  
(after document NI- 523)

Reich Ministry of Economics W. Wireless	
Staatssekretär Brinkmann	Staatssekretär für Sonderaufgaben Posse

Central Dept. Min. Director Tettenbonr	Main dept. 1 Industrial Dept., German Raw materials and materials Major General Löb	Main dept. II Mining, Iron, Energy Major General v. Hanneken	Main dept. III Economic Regulations, Trade, Handw. Sehmeer	Money and Credit Min.-Dir. Long	foreign trade, foreign exchange, export Min.- Dir. v. Jagwitz
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Genera l Questi ons Michel	Ind. Ref. Ruel mount ain	Chemis try Mulert	<b>Min.- oil</b> Heems kerck	Mining fork	iron	Energy Warncke	Wi. Org. God send	Com mercial police Charco al burner	Reichs- come. at the Berlin Stock Exchange Charcoal burner	Country ref. Spitta	currency Landwe hr _	Export promotion Schlotterer
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Dem imperial and Prussian Minister of Economic Affairs assumed

Reichskommissar für die Altmaterialver- wertung Ziegler	Reichsstelle für Bodenforschung Keppler	Reichsstelle für Wirtschaftsaufbau (Major Czimatis)	
		Abt.1: Forschung und Entwicklung Carl Krauch	Abt. 2: Planung und Durchführung Major Geist



Typists, chauffeurs and several SS guards)<sup>16</sup> had each other within a few Months one immovable Mammoth authority developed. Alone the Government office for German raw materials and materials had over 500 employees, the entire apparatus of the four-year plan comprised more than 1000 people<sup>17</sup>. Overlapping competences, duplication of work, and irrational use of financial resources and specialists became more common between the four-year plan offices and the specialist ministries as well as within the four-year plan authority Rule as the exception. After the verdict Those directly involved soon exceeded the usual level of bureaucratic cumbersomeness and even Göring had to admit publicly that this threatened the "timely implementation of the four-year plan"<sup>18</sup>. It could happen that the Löb office did double duty so much iron distributed as him that business group Raw material distribution was intended, so that half was given in public circulars to the industry this Approvals had to be canceled again. Even within the office for Raw- and plastics increased the problems because the Drawing boundaries between departments - once a horizontal step structure, once according to a vertical structure - led to a variety of duplication of work.

The reorganization the entire Economic administration led Goering personal through. After Schacht's resignation, Hitler gave him the necessary special powers for this purpose. Göring even temporarily took over the management of the Ministry of Economics in order to prevent any bureaucratic resistance from this side. The "Industrial Fats" business group came under the Ministry of Economic Affairs Areas of responsibility "exploring German soil" and the area of activity of general representative for the Iron and steel management (with exception to quota setting), the business group for foreign trade transactions and the distribution of raw materials. The tasks of the Office for German Raw Materials and Materials were divided between the Ministry of Economics and the newly founded "Reich Office for Economic Development". The Ministry of Economics was to take on the "tasks of managing the raw materials industry in the areas of responsibility for which the ministry is responsible as a whole within the framework of the four-year plan." take over, the new Reich office - one higher imperial authority with Service supervision of VVirtual Affairs Minister - the "preparatory Work the Research and development, as well as the execution work of planning and implementation in detail, were transferred. Although the new Reich office with the old raw materials office is of the same scope after it was no longer comparable - for example, existed them first only from two, later from four departments -, she led

<sup>16</sup> Personnel records dated 13. 8th. 1936, BAR Z/19544.

<sup>17</sup> Memorandum "Above the organization the four-year plan offices" from the 27. 1. 1938, BA R Z6 I/1a. Further information from Kepler in trial XI (Wilhelmstrasse trial), minutes S. 19360. The Magnification of the Four-year plan apparatus shows itself also in the rapidly increasing *material* administrative expenses: the average for the months of October/December 1936 was she 33000 RM monthly, in March, 1937 lay she already at Z56 000 RM, between May and December 1937 fluctuated she between 1-Z million RM with an increasing trend. In this regard, CASH Z/19547.

<sup>18</sup> *Goering*, To turn of the year, The four-year plan, 1957, S. 706f.

but the most important task of the four-year plan, the planning of the raw materials industry, continue under your own responsibility. In addition to the Reich Office, the Reich Commissioner for Price Formation and the Labor Deployment Business Groups remained as special authorities. Nutrition and foreign exchange received had already been integrated into the state administration before the reform. The groups were added "Forest" and "Traffic".

With the reorganization, the Ministry of Economics regained many tasks in the area of raw materials management. But at the same time it became mere executive body of the Four-year plan representative degraded and formal and factually at bound to its instructions <sup>19</sup>. A strong personality as economics minister was unsuitable for this new task of the ministry. In February 1938, Göring therefore appointed Walter Funk as his assistant, who had previously been State Secretary in the Propaganda Ministry and, before 1933, editor-in-chief of the *Berliner Börsenzeitung*. Wireless - personally everyone confrontation aversive and weak in character - never came on the idea of questioning Göring's economic policy primacy and was in favor of it this one straight for this reason the right-hand man, the Ministry of Economic Affairs to direct.

## *2. The Battle around the economic mobilization*

Before the introduction of the four-year plan, the Wehrmacht and the Plenipotentiary General for the War Economy were responsible for "economic mobilization", i.e. war economic planning and preparation. The Wehrmacht was not a self-contained unit, but was divided into relatively independent branches of the armed forces: which in turn each had its own economic staff, and the War Ministry with the military economic staff, which only It was rarely possible to take into account the divergent interests of the individual parts of the armed forces to be brought into line with the ministry's arms policy concept. The rivalry within the Wehrmacht as well as between the Wehrmacht and the general plenipotentiary, favored through deficient demarcation of the respective tasks even before Göring's entry into the Economic policy shaped the defense and armaments industry. Göring's four-year plan order and that with it coherent structure one own major authority complicate the decision and competence problem even more. In 1935, which became more intense in the fall of 1936, a rivalry over responsibilities and decision-making powers began in the field of military economic policy, which lasted until after the outbreak of the war continued. He formed a partial aspect of similar differences

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<sup>19</sup> At the end of 1957, Göring publicly announced: "I agree with the new Reich Minister of Economics that the Reich Ministry of Economics, as the responsible executive body, will carry out the tasks of the four-year plan execute and thus ensure the smooth implementation of the Planes guarantee becomes." Hermann *Goering*, To turn of the year, The four-year plan, 1957, S. 707.

Settings on other levels, which remained a structural element of the National Socialist state despite the monolithic facade and all attempts at centralization .

In The first two years of the regime had it the Armaments policy initially did not pose any insoluble competence problems. Until 1935, the responsibility of the Reichswehr and its branches for military planning and economic rearmament was undisputed <sup>20</sup> . Also in the Reich Defense Council, which has existed since 1933 played the Representative of Ministry of Defense the decisive role. Before the The National Socialist seizure of power was the area of military economic activity the Wehrmacht not very significant been. Confined from from the Regulations of Versailles contract etc the allies Control, he essentially had himself limited to determining the need for replenishment, without the vWehrmacht staffs (troops office, military office, Army Weapons Office, Naval Command) only an overview about potential Possessed armaments capacity It was not until 1926 that preparations for such a forbidden by the victorious powers - statistical Capture met, as the as more private Association camouflaged

"Statistical Society", officially an "association of a non-profit nature with the task of carrying out statistical and technical determinations for interested parties", was founded. She led - in fact under the Directed by the Army Weapons Office - carried out the first surveys, which made it possible to create lists of companies between 1926 and 1928, with the help of which initially the "Statistical Society", then (as this attempt failed) that HWA manufacturing programs (with simultaneous distribution among the individual companies). It was intended these programs to two military economics five-year plans (1929/33 or. 1934/38), but this failed Intention of understaffing of the staff and the necessary secrecy from the civil departments. Only after In 1933, the Wehrmacht was able to become more active thanks to the now possible involvement of the other ministries. But even then there were no detailed ones in the following two years Planning, as all energy was tied up in the formation of the new Wehrmacht units. On the lack of consideration the economic, Of course, the economic staff in the Army Weapons Office repeatedly pointed this out in particular with regard to military planning initially in vain.

The year 1935 marked a turning point both in the distribution of competences and in armaments activities. With the adoption of the (unpublished) Reich Defense Act at the May 21, 1935 became the institution of general representative for the War economy (GBW) created. At the

On May 31, 1935, Schacht was appointed the first Plenipotentiary General in personal union with the offices of Reichsbank President and Acting Reich Economics Minister. His task should be "the economic Preparations for the case of war" to meet, in the Mobilization case were

<sup>20</sup> The following statements about the military activities of the Reichswehr are based on Thomas, military economic history, p. 54ff.

him all economic departments are subordinated <sup>21</sup>. With the founding of the GBW was that defense industry monopoly the Wehrmacht Broken and one civilian Institution has become a decisive factor for the transport industry. The involvement of the civil departments had already become necessary in 1933 because of their special knowledge <sup>22</sup>. The establishment of the GBW therefore initially appeared only as a necessary instrument for coordinating areas of activity that were not directly related to the armaments industry, without the War Ministry thereby asserting its claim to leadership in the field of armaments industry saw questioned. Blomberg - initially on good personal terms with Schacht - probably overlooked the consequences of the appointment of the GBW not, while Hitler achieved a deconcentration of power that was not undesirable for him through this division of functions. Finally, the new authority at this point is also considered a concession at shaft and the from him represented evaluate economic interests.

The basis of the conflict between the GBVV and the Wehrmacht was in the lead the Reich Defense Act fixed division the military economic planning and Implementation skills. The GB"VV was responsible for the so-called "war- and vital" Industry, the Minister of War and the Wehrmacht parts for the Defense industry <sup>23</sup>. To Defense industry counted all companies "with production after Wehrmacht drawings and VVehrmacht instructions", to industry important to the war effort the other for the Warfare important industry and to vital industry "the ones for the supply of the people and the Hometown necessary Production".

This demarcation between armaments and war-important industries was anything but exact and inevitably led to disputes between the bodies involved. In particular, the distinction between armaments manufacturing companies and supplier companies (only the former were considered important for the war effort). heavy cause production disruptions if not a smooth collaboration the involved Instances guaranteed was. This However, cooperation was not possible because because Schacht had the priority demanded by the Wehrmacht for the economic Preparation for war and Warfare not

<sup>21</sup> See the meeting report of the 10th meeting of the Working Committee of the Reich Defense Council on June 26, 1955, Doc. EC-405, IMT XXXVI, p. 410ff. Text of Reich Defense Law in Doc. PS - 2261, IMT XXX, p. 60 ff.

<sup>22</sup> For this conveyed the Meeting report above the 6. meeting of Working Committee of Reich Defense Council of 25/24. 1. 1954 a vivid picture (Doc. EC-404, IMT XXXVI, pp. 581-409). The GBW was only the conclusion of the development through which the civil departments became military economics Planning activity switched on became. This started with the founding of the Reich Defense Council on April 4th. 1955, through the "Reich Ministry of Economics... the The task "was to prepare the conduct of war economically". (Protocol the 2. meeting of Working Committee for the Reich defense on May 22, 1955, Doc. EC-117, IMT XXXVI, S. 219-229; report of RWM from the 50. 9.1954 above the Preparation the economic warfare, Doc. EC-128, IMT XXXVI, S. 158-214.)

<sup>23</sup> Please refer For this *Thomas*, military economic history, S. 74ff.

recognized, but represented the point of view "that in the war he also affected the economy exclusively to guide how the commander in chief of the Wehrmacht, the Wehrmacht". Organizationally, however, the Wehrmacht was far stronger than the **GBW**. While the War Ministry had an external organization in the form of the economic inspections, which was subordinate to the Wehrmacht's Economic Staff, the Plenipotentiary General initially had no branch offices. The **Wehrmacht**'s staff developed both in planning as in The armaments factories were very active, while the general representative for the war economy behaved relatively passively .

However, there was a weakness in the Wehrmacht's armaments organization in this, that the armor not central was controlled, rather the VVehr was left to power divisions that were suspicious of all attempts at centralization of RKM fought back. The Wehrmacht parts provided their own procurement plans on, dem VVerwirtschaftsstab of RKM stayed only the Task the coordination of these plans and their coordination with the existing defense industry Capacities. The Procurement plans directed itself after Assessment of future war needs by the parts of the Wehrmacht. The number of units necessary for the war was multiplied by fixed sets of military equipment (it was determined empirically how many sets were necessary per unit), and in this way the total military requirements were determined. The result was dem Military Economic Staff communicated, who drew up an overall production plan every year and had it divided among the armaments factories via his military industry inspections. The inspections were responsible for the timely provision of raw materials and energy. Determination of the total requirements at raw materials lay at the WStb, the with Help more technical Coefficients "translated" the requirement plans into raw material requirements. It was later the responsibility of the authorities of the four-year plan to realize these requirements. The development of new armaments capacities in accordance with the mob requirement plans was in turn reserved for the Wehrmacht parts. Overall, the Wehrmacht, with its responsibility for the armaments plants and the procurement of material requirements via an economic planning area, which was larger than that of the later four-year plan.

The Plenipotentiary General set about the task of preparing for economic mobilization much more hesitantly <sup>24</sup>. This was particularly true for the expansion of "war and vital" industry. This was due to the lack of an appropriate external organization. The main reason, however, was that the necessary pace of rearmament was different than that of the Wehrmacht assessed became. Nonetheless has the WT not only one "negative"

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<sup>24</sup> GBW report on the preparation of economic mobilization according to the status of December 1937, from January 17, 1938, BA Wehrwirtschaft-Rüstung Wi IF 5/684. Lectures by deputy GBW Posse and the head of the GBW command staff, Sarnow, on May 11, 1938 in Berlin (GBW working conference in the Preußenhaus), BA Reich Ministry of Economics RWM/139.

or retarding role played, How it at the Task his organs becomes clear.

In military matters, the GBW had the authority to issue instructions to the economic, financial, labor and Ministry of Food, the Reichsbank, the Reich Forestry Office and the Reich Office for Regional Planning. The representative's most important body was the management staff, which reported to his deputy, State Secretary Posse. This one directed until February 1938 Ministerial Director Yes, then Ministerial Director Sarnow. The command staff functioned as a ministerial coordination and planning office, to which the Reich Office for Defense Economic Planning, a "military economic research center" and the "economic research society" were subordinate to its own authorities. The Reich Office, from Department VII (Industrial Production Statistics) of the Statistical Office Reich Office emerged was for military economic statistics and responsible for drawing up the plans. This was particularly significant in the years 1933 and 1936 the statistical Capture the German industry. The survey of 1936 served as basis for the four-year industrial plans and the War economic plans for 200 materials. In the war economic plans the minimum requirement of Wehrmacht and civilian population In the event of war, this is compared with the then possible production and the available supplies and the coverage gaps identified are reported to the four-year planning office. It should then be his job to get the valued person Additional requirements at raw and to secure raw materials. The ones from The individual plans drawn up by the GBW covered the commercial sector with the exception of the armaments industry and the food and forestry industries. For the consumer goods sector, the legal basis of the in the Mob. case intended Management created, as well first (1935) too for the Raw materials sector. The latter went but already 1936 fully in the Göring's competence.

The Economic Research Society had a very special task in the GBW's area of activity mb H., the 1934 from the Ministry of Economic Affairs had been founded. She was responsible for building up a reserve of materials essential to the war effort (Mineral oil, Pre-products for the ammunition production, rare metals and other Raw materials). At a Employment number of 1300 persons in the Years 1938 she invested between 1934 and 1938 250 million RM for the construction of storage warehouses and the creation of stocks. In addition to these central preparatory works came the practical ones operational preparation too short. By the summer of 1938, not even the war and vital operations of the individual industries had been identified (apart from exceptions such as the soap industry), let alone the mobilization tasks assigned to the operations, ie the central ones Economic plans for the individual products in mobilization and occupancy plans for each of the 30,000 "KL" businesses in 1938 (war and vital businesses) implemented <sup>26</sup>.

The Result was a divergence in Standby status and Degree of expansion

<sup>25</sup> Next to this implementation the Overall plans on the Pursue should the Preparatory work

of R-companies and "KL" companies, which in turn considerably hindered the expansion of the R-companies. An external organization was only created at the urging of the Wehrmacht offices of general representative for the war economy <sup>26</sup>, the but after View of the Wehrmacht in no way able was, the to fulfill the tasks assigned to it <sup>27</sup>. The War Ministry therefore tried to extend its powers to as large an economic sector as possible, but that meant as much as possible many "KL" - establishments to R-operated companies too explain. Lack of cooperation between the respective external organizations - which often even worked against each other - inadequate delimitation of competencies in the Reich Defense Act and the urge to expand the Wehrmacht constantly led to serious clashes. Schacht was unwilling to cede authority and demanded Right to have a say at the conversion from KL- too R-operated. The from the Minister of War desired military economic order, the one Overall regulation For these reasons, despite years of discussion, all defense economic issues were supposed to be brought about not adopted become.

One preliminary agreement in the Ask the Delimitation of R- and KL companies, therefore industrial companies, the with Mob. orders The Wehrmacht could be declared armaments factories by the RKM only after the announcement of four-year plan, at the 16. March 1937, conditions. The Military Economic Staff of Ministry of War has from this agreement huge use made. center 1938 were eliminated 24 % the entire industrial workers on R companies; in the manufactured goods industry the proportion was 35 % and in the iron and metal workers Industry at 54 % <sup>28</sup>.

As in the Autumn 1936 the representative for the four-year plan as new Economic policy authority Decision-making power occurred, arose new Competency problems. Since 1936, Göring tried to expand his economic policy powers at the expense of Schacht as well as at the expense of the Wehrmacht staff. Göring could rely on the fact that he - just like the GBW - had the task of preparing Germany's economy for the event of war. Schacht's efforts to put a stop to the expansionist drive of the four-year plan <sup>29</sup>, were already in vain in the last months of 1936. Göring succeeded - not least thanks to him strengthen position at Hitler and within the Wehrmacht, Influence also in

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to secure production factors, means of transport, material and energy supply, etc.

<sup>26</sup> The Military Economic Staff recommended dem GBW, for that the Self-government the Business

to use. Schacht refused and only gradually set up statistical departments (later branch offices of the R WM ). Provincial governments. These later became branch offices of Reich Ministry of Economics in the State economic offices reshaped.

<sup>27</sup> Thomas, military economic history, S. 76.

<sup>28</sup> Attachment to one Write of GBW at Goering from November 9, 1938, B.A Military Economy Armament Wi IF 5/584.

<sup>29</sup> For this e.g the Instruction shafts from the 11. 12. 1936 at the monitoring bodies, only from him Instructions to receive. Doc. EC-376, IMT XXXVI, p. 376f.

those areas of economic policy that were previously the responsibility of the Minister of Economic Affairs or the GBW Reserved were.

Schacht then demonstratively suspended the activities of his GBVV management staff and other organs of the GBW at the beginning of 1937 in order to clarify his powers to force. He became included from Minister of War Blomberg supports, who even intervened with Hitler on behalf of Schacht <sup>30</sup>. Blomberg feared that the GBW's inaction would at the same time endanger the Wehrmacht's armament efforts and, moreover, call into question his own position in the field of arms industry. According to the provisions of the Reich Defense Act was subject to the GBW the instructions of the Reich Defense Council and thus the Ministry of War, which in exercised decisive influence on this committee. A displacement of the GBW by the representative for the four-year plan would therefore also have meant a loss of authority for the Minister of War. From this Blomberg now took action Party for Schacht, although he had originally strongly supported Göring in introducing the four-year plan. But that didn't stop the military economics staff from making demands of its own opposite Register with GBV\T.

According to the War Ministry's ideas, the four-year plan should focus on expansion the military economics Base in the Peace limited remain, while it Task of GBW be should, „the existing military economics to prepare the strength of the empire for war " <sup>31</sup>. Since these tasks were practically identical, it can be assumed that Blomberg hoped to resolve the conflicts between the Four Year Plan and the GB"VV to play the role of arbitrator and limit the claims of both instances. The War Ministry's organizational considerations were based on the assumption that the Four-Year Plan Commissioner would stop working during the war. But the Office for Raw Materials and Materials didn't let anyone Doubt to it, that Construction and Installation from Four-year plan projects also then no Interruption experience probably <sup>32</sup>.

Hitler seems to have only reluctantly decided to get involved in the dispute between Göring and shaft to intervene <sup>33</sup>. As however shaft in the spring of 1937 because of The personal and factual differences with the four-year plan representative threatened to resign, which persuaded him to remain in office to stay. Hitler's effort to end the dispute between the highest representatives the German Economic policy

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<sup>30</sup> For this Write of Reich Minister of War Hitler *from the Currently Z* 1937, Doc. EC-244, IMT XXXVI, S. 238f., and lecture notes of RKM from the December 30, 1936, Doc. EC-408, IMT XXXVI, p. 478ff.

<sup>31</sup> Blomberg at Hitler at the *Currently Z* 1937, Doc. EC-244, IMT XXXVI, S. 238f.

<sup>32</sup> Write of office for German Raw- and Materials at the Reich Minister of War at the 7. 6. 1937, B.A Military economy armor Wi I F 5/684.

<sup>33</sup> For this Write of Bosses of Wehrmacht Office in the RKM, Keitel, at grains at the 6/14 1937, BA Defense Economy-Armament Wi IF 5/684. shaft made thereafter the resumption of his work depends on a clear regulation of cooperation with Göring.



The main reason for concealing the crime is to cause concern for those involved in- and foreign Business circles to avoid, for the shaft was considered a stronghold of solidity within the National Socialist government. In fact, on July 7, 1936, Schacht and Göring committed themselves to working more closely together in the future and after Outside there appear united <sup>34</sup>. This on However, the truce that came about at Hitler's insistence did not mean a solution to the conflict, which ultimately resulted in the existence of two instances with the same task and one different armor and economic policy Conception justified lay; the problem became only for some weeks pushed out.

In the same month, Göring again violated Schacht's authority by issuing a mining regulation as four-year plan representative the Ministry of Economic Affairs would have been responsible. Schacht took this interference as an opportunity to once again offer Hitler his resignation. Hitler once again tried to reach an agreement externally and delayed the requested dismissal, even though Schacht had been away from his official duties since the beginning of September 1937 let rest. A last Attempt found on 1. November instead of, but on face the opposites was to one Don't compromise to think. Hitler should be there only would have been interested in an agreement insofar as Schacht was following the course of self-sufficiency Göring's adapted. There shaft in addition not ready was, became he at the On November 26, 1937, he was relieved of his positions as Reich Economics Minister and Plenipotentiary for the War Economy <sup>35</sup>. This demonstrated that in the future the primacy of the commissioner would prevail in questions of economic policy for the Four-year plan existed.

Schacht's resignation was the logical end of the two-year dispute with Göring. Behind the mutual claims to power and leadership were different concepts that affected both the objectives and the methods of business policy. Schacht also supported the armament and presented for that 1934/36 essential financial, trade policy instruments available, among other things. For him, the representative of traditional German national views, the associated goal was equality with the other powers, but not consciously calculated military action. Therefore, in Schacht's view, rearmament should be coordinated with the other areas of the economy and it should also be accepted that it will be temporarily slowed down. shafts politics Above all, never closed one turning away from world market, but pursued that Goal, To maintain Germany's ties to the world market and even to strengthen. Hitler and Goering steered against it with disregard for economic and social costs, towards a self-sufficient economy prepared for war to. From this of their Objective were for this reason The Medium of the "convinced." Representative of the liberalist-capitalist System" is conceivable not suitable,

<sup>34</sup> From shaft drawn Attachment to write GB 1424/37 G RS II. Ang. v. July 7, 1937. B.A Military armor, Wi IF 5/684.

<sup>35</sup> Write of Bosses the Reich Chancellery, Lammers, at shaft *from the* 8th. 12. 1937, Doc. EC-494, IMT XXXVI, S. 564ff.

so that the Change at the top of the Ministry of Economic Affairs is far more than just a personal question rivalries were.

Göring's victory meant that the four-year plan in the area of economic preparation for war alongside the Wehrmacht had become the decisive authority. It was now clear that the four-year plan would be continued in the event of war, contrary to the Wehrmacht's ideas. In terms of power politics, the War Ministry had been weakened because of its power to issue instructions dem new general representative for the War economy was hardly enforceable anymore. This shift in power This would soon be reflected in a comprehensive claim by the four-year plan representative and in an arbitrator role that he assumed against the economic staffs of the Wehrmacht and the GBW .

The opportunity for this resulted itself soon, there between the new appointed general plenipotentiary for the war economy, Funk, and the military economics staff of the OKVV The battle over responsibilities continued. He had been there since February In 1938 even still aggravated, there radio the perception represented, he was after the reorganization of the economic administration as GBW only bound to Hitler's orders. The OKW, on the other hand, wanted to use the reclassification to create the GBW stronger as before shaft - which in practice little about this claim to leadership VVS cared for had - his Instructions to subdue <sup>36</sup> . The Hitler's decree of February 4, 1938 reorganizing the economic administration and the Wehrmacht leadership were interpreted by the military economic staff of the OKW in such a way that "the head of the Wehrmacht High Command was responsible for the economic mobilization (Wdc) everyone Ministries and Reich authorities in the Order of the leader direct the instructions were given". It was consistent then concluded: "The previous powers of the GB [for the war economy] for four ministries and three Reich authorities now lie with the WStb [Wehrwirtschaftsstab]." The GBW was intended to serve "merely as an intermediate authority for passing on the orders" <sup>37</sup> .

The OKW supported its demands primarily with the argument that the centralization of economic war preparation in the Vehrmacht was necessary because the external organizations of the GBW only cooperated inadequately with the defense industry inspections and thus jeopardized the rearmament as a whole. On the other hand, a confidential survey conducted by the military economic inspectorates in April 1938 revealed that following previous bad experiences surprising Result, that from ten inspections, their Answers were available, only two difficulties reported, the others meanwhile with the Cooperation

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<sup>36</sup> For this Write from Wireless at Lammers at the *ZI*. 3. 1938 and Answer from Lammers at the 6. 4. 1938, Doc. *EC-Z7I*, IMT XXXVI, S. Z78ff. Write of Military Economic Staff in the OKW to the National Defense Department (L) in the OKW front *Z7*. 4. 1938, Doc. *EC-Z70*, IMT XXXVI, p. Z75ff.

<sup>37</sup> note of liaison officer the Wehrmacht for the RWM, Drews, front 7. *Z* 1938, BA Military Armaments Wi I F 5/684.

were satisfied with the representative offices of the General Plenipotentiary <sup>38</sup>. This fact suggests that the OK's argument was just a pretense for its own claim to power to motivate objectively.

Despite various advances from both sides, this remained the case. The relationship between the GBW and the OKW military economic staff in the first half of 1938 was completely unclear. The military economic staff seemed one. Until then, no compromise possible, as Goebbels insisted that he in peace. How in case of war his task independent from the Wehrmacht zu have fulfilled. The GBW was particularly interested in a definitive solution. The military economic staff used the limbo to force more and more companies - which he was legally authorized to do - to explain to arms factories and itself in such a way always more areas the economy subordinated. Goebbels could do that on the Wehrmacht sit idly by for a long time, because since February 1938 it was no longer the GBW, but the military economic staff that was the most important competitor to the four-year plan. He had to fear that the administrative staff ultimately also at his expense, if he succeeded, via the armaments factories the Subordination Funks under the four-year plan in favor of OKW to correct. Goebbels therefore called on July 16th 1938 one Conference in Karin Hall and tried there, OKW, Wehrmacht parts and GBW on economic guidelines To commit to mobilization, the whole his own Interests corresponded to <sup>39</sup>. In it he demanded:

1. The Wehrmacht had to limit itself to armed warfare and only make demands for the military Area to place.
2. The general representative for the War economy In peacetime only the legal preparations for the war economy have to be made; the practical preparation lies in the four-year plan. The GBW is not subordinate to the OKW.
3. The four-year plan have the German Economy in four years up to the prepare for total war. The requirements for this are set by the Wehrmacht. The four-year plan would continue during the war; in the event of war there is a summary of the tasks of GBW and four-year plan to prepare.

The implementation of these guidelines would have deprived the Wehrmacht of its decisive competencies in the field of economics, the general plenipotentiary to one meaningless Regulation machinery degraded and delegated all crucial powers to the four-year plan. The proposed commitment of the four-year plan There was little to say about the Wehrmacht's demands, as it was self-evident that the need for ammunition depended on strategic considerations the military Instances oriented. Goebbels's Guidelines meant the obvious one Attempt, the achieved Machtposition further expand and the conflict between general representative and OKWV to use, around both of their

<sup>38</sup> Please refer B.A Military economy armament Wi I F 5/684.

<sup>39</sup> Result of the meeting on July 16, 1938, BA Wehrwirtschaft-Rüstung, Wi IF 5/575. Goebbels presided over the meeting in his property as deputy Chairman of the Reich Defense Council.

economic policy To take away competencies and transfer them to the four-year plan. Göring's instructions also said that there would be no additional postponements at the moment between OKW and GBW, especially no further ones "KL companies" are declared "R companies". should be. With it The current disputes remained unresolved, but since Göring's intervention at the GBW and the Wehrwirtschaftsstab the willingness to compromise had increased, if not fully from the four-year plan switched off too become. In the second half of the year there were a wealth of proposals and counter-proposals from both sides, meetings and conferences gradually close the path paved the way for a common solution.

For both opponents was it in the face of Göring's Abundance of power a Success, that new Reich Defense Law of September 4, 1938 of both their functions confirmed, without clearly her Powers to clarify <sup>40</sup> • Goering had with his Guidelines first not against the resistance of OKW enforced, a fact that Funk also despite his differences with the OKW could be welcomed. Already at the end of 1938 Göring intervened again through the Aviation Ministry in the discussion a and demanded instead of one uniform, from OKW dominated military economic organization now "one self-employed and only hers Commander in Chief assumed military economic organization the three Defense power parts""<sup>41</sup>. If Göring had not yet succeeded in 1938 was, the competencies of the military economic staff to the four-year plan to transmitted, so wanted At least him above the Ministry of Aviation a Part the Responsibilities get under control. This intention Göring's - about the until February 1939 was discussed - seems to have accelerated at least a temporary agreement, especially as the defense economic staff found itself increasingly pushed onto the defensive.

After agreement had already been reached on certain issues in December 1938, a comprehensive compromise formula was found in March 1939 between the Defense Economic and Armaments Office and the GBW <sup>42</sup> • It stipulated that the Plenipotentiary for the War economy in Cooperation with the OKW guidelines for economic preparation for war have to be adopted and the uniformity of the mutual activities through a common "Mob. "Plan Economy". be guaranteed. In detail, the The Wehrmacht's requirements are summarized in its own production plan, the remaining requirements are summarized in an "economy production plan" and these plans are coordinated with each other by the respective external organization through a Equalization Committee in the Production given become. The Distinction from armament **or**. war and vital

<sup>40</sup> The Reich Defense Act from the September 4, 1938 became not published. It is fourth Piece from Doc. PS-2194 in IMT **XXIX**, S. 319-326 printed.

<sup>41</sup> Letter from the State Secretary on this in the RLM Milch to the Wehrwirtschaftsstab on December 12, 1938, BA Wehrwirtschaft-Rüstung Wi IF 5/584.

<sup>42</sup> Write of the deputy GBW Posse at Major General Thomas from the March 25, 1939 with the appendix "Preparation of the military industry for war", in which the factual points were determined. Further note for Minister Funk dated December 25, 1938. BA Wehrwirtschaft-Rüstung Wi IF 5/584.

Operations should be defined by the uniform term “military business” eliminated become. Amazingly saw the Compromise one immediate There is no involvement of four-year plan authorities, which is an unrealistic assessment the Power relations by the OKW also on Funk's attempt suggests breaking away from the role of Göring's mere vicarious agent. Therein lay but also the essential Reason for the Fail the entire conception, that I the representative for the Four-year plan not like that from the OKW had it dubbed. First with the Elimination of GBW it came to one definitive Solution the question of competence, but those already in the second phase the Four-year plan development falls.

Thanks to the four-year plan, Göring's rise to become the leading man in economic policy and ultimately the arbiter of the Wehrmacht, the GBW and the Ministry of Economic Affairs took place in less than two years. The contrasts described between the GBW and the military management staff made this process much easier, there at least the Minister of War the momentum of the new institution underestimated had. This Development may but not about it to hide the fact that the Wehrmacht still had a large field of activity in the armaments industry and Göring thus not Alles the achieved what he aimed for. The first phase of the four-year plan ended with an unstable balance of power between Göring's offices and the economic staff from OKvV and Army. The Wehrmacht had the most important planning area in the armaments industry, while the four-year plan representative also had power over the raw materials industry a wide range of directive authority through subordination of the entire civil economic administration.

#### *J. The Planning in the first phase of four-year plan*

The most important activity in the four-year plan was the development of a German raw and basic materials industry. The Four Year Plan bureaucracy only created precise plans for this area, which are presented below because of their great importance should. We will initially limit ourselves to those plans that... the Activity of the four-year plan in the first period, that is, from 1936 to Summer In 1938, <sup>43</sup> determined .

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<sup>43</sup> Planning of the Raw materials and foreign exchange staff in the files of the Reich Ministry of Economics, BAR 25/R.WM 23/57 (*Planning from the 15. August 1936*). The version the Overall planning *from the*

October 15, 1936 could not be found (Plan I). The amount of the total investment in this planning is determined by: Minutes of a meeting on 24. 11. 1936, in which representatives of the RFM and the four-year plan took part (Reich Finance Ministry files, RG, ZG 1955ff., 17837). According to this, the investment volume was excluding agriculture 4 billion RM for the Period 1937/40. The *Plan version dated 10. January 1937 (Planning II)* finds itself in the BA Military Economy-Armament Wi I F 5/2363. The *Plan drafting from the*

May 27, 1937 (*Plan III*) is available as Doc. EC-281. The *plan version from 31. December 1937 (planning IV)* lies as Doc. NI-6769 before.

The plans of 1936/37 were not entirely new, but should be seen within the larger framework of state planning activities. In the course of the economic preparations for the mobilization event, the GBW and the Wehrmacht staff had already plans for the KL and Defense industry created. Namely the Wehrmacht plans Even before the introduction of the four-year plan, they dealt in detail with building capacity and expanding armaments factories. There was an important connection with the later four-year plan in that than the plans of the GBW and the Wehrmacht staff essentially focused on the area of finished and Semi-finished goods (armament end products etc.) related, and thus in high Dimensions the Plan sizes of Four Year Plan Office, so the raw and Basic material planning determined.

Under more responsible Line from Carl Krauch became within of Office for German raw and materials from the department "Research and development" between Autumn 1936 and End 1937 four Plan versions Developed. Deadlines were the 15. October 1936, the 10th January 1937, the 27th May 1937 and December 31st 1937. Temporal in advance went the plans from the Summer 1936, the the raw material- and Foreign exchange staff Göring on Submitted August 15, 1936 had. You have already given concrete information for the possibilities and the Towards an economic defense Self-sufficiency directed Economic policy. In that respect put she the decisive one Preparatory work for The following plans and are even to be described as the first four-year plan, although in In the summer of 1936 the institution of the commissioner did not yet exist and these drafts did not cover a period of four years, but generally only of about two years went out. The first - not present - Plan drafting from the 15. October 1936 appears only one slightly modified New edition the Summer plans been to be. On it that means in the Magnitude similar investment volumes, from which the later plans very considerable deviated.

The drawing up of the plans had Recording the existing processes and capacities as well as determining the need for finished products. This "Analysis of the current situation" served the in 1936 by the Reich Office for military economic planning carried out industrial Production survey, the itself on 300 branches with 180,000 businesses extended <sup>44</sup>. It provided an overview of capacities, employees, consumption of raw and auxiliary materials and energy etc. This was supplemented by the Office for Raw Materials in cooperation with specialists from the planned industries accomplished Review of production processes. The estimate of future demand for raw materials and basic materials itself before everything because of the Planning the "Wehrmacht and of GBW,

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<sup>44</sup> Please refer Dole. EC-258, IMT XXXVI, p. 253f. This survey should be "documents for the general regulation of production and consumption" and was intended not only for the purposes of the four-year plan, but also for the planning of the GBW. The most important results were published in 1939 in "The German Industry. Overall results of the official production statistics. Series of publications by Reich Office for Military Planning, Booklet 1".

became but also from the requirements of other government agencies and Party authorities determined. This was as already indicated above Division of labor: The The defensive power units provided the the number of military units necessary in the event of war. With the help of the "sentence system" the Wehrmacht could then share the respective procurement or Mob. Demand Plans set up become, which the defense economic staff summarized and compared with the existing defense industry capacities. The expansion plans of the Wehrmacht units emerged from this comparison. At the same time, the military economics staff converted the procurement plans into raw material requirement figures and forwarded these to the Office for German Raw Materials. and materials further. A basically similar procedure should for the Planning area of GRVV apply, the on his part at the plans the "The Wehrmacht was bound because the armaments supply industries subordinate to the General Plenipotentiary had to be coordinated with the final production capacity of the armaments factories.

Despite this apparently secure system of plan preparation, there were considerable difficulties in practice. The Wehrmacht parts, but especially the GBW, delivered only inaccurate Mob. demand figures, the GBW laid until The war did not begin in his area once a comprehensive mob. plan, which would have provided an overview of the entire raw material requirements during the war. That was partly what it was for top management responsible, the her Requirements for military strength in war and peacetime are constantly revised and therefore continuous defense made economic planning almost impossible. In addition, there were weaknesses in the forecasting technology, the namely one realistic estimate of civilian needs for peace . Around In the plan version of January 1937, the planning authorities assumed that they would at least have a secure starting point for the following years the consumption of year 1936 <sup>45</sup> . In the later plans this had to be done Assumption needs to be corrected because Consumption continued to rise and the development of the four-year plans resulted in increased demand at raw materials caused.

Through Comparison from Mob. demand and existing production capacity enabled expansion plans to be developed for the most important sectors of the raw and basic materials industry. It was valid included the official policy, "Significant changes the economic structure, the price level, the quantity and thus the standard of living " <sup>46</sup> . However, given the military economic orientation of the planning, this standard meant little from the start. The planning extended from 1937 to 1940, with 1940 as Mob.-year was assumed, and on 25 to 30 different industrial sectors (the number varied in the individual versions), including all areas in which the substitution of foreign raw materials seemed possible. About these raw material and basic material plans kicked some strategically and military economics important investment

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<sup>45</sup> Preliminary remark to Plan drafting from the 10. 1. 1937, B.A Military economy armor Wi I F 5/Z363.

<sup>46</sup> Preliminary remark to Plan drafting from the 10. 1. 1937, B.A Military economy armor Wi I F 5/Z363.

goods industries (Parts of mechanical engineering, shipbuilding). These areas owned but only Complementary character, as it represents the largest part of the Wehrmacht's planning competence - This was especially true for the important military equipment industry - were under. The four-year plans were also not comprehensive in that the office had to meet the labor and material requirements necessary for the development of the new industries only incomplete took into account. In the Individual plans Only the planned production volume, the annual investments planned, the construction time of the systems, the location (if determined), the responsible company and the expected foreign exchange savings were listed and then combined into an overall investment plan. This selective planning was the cause a variety of problems that repeatedly encouraged attempts to include other areas of planning competence Raw Materials Office to incorporate.

#### *Planned Total investments:*

Deceive the planned Total investments of raw materials and foreign exchange staff at the August 15, 1936 approx. 3 billion RM, so supplied them itself in the planning of October 1936 (version I) to approx. 4 billion RM, in that from January 10, 1937 to 8.611 billion RM (II), in that from the 27. May 1937 on 8,802 billion RM (III) and finally in the plan from the

31. December 1937 to 9.485 billion. RM (IV). The Plans from January and May In 1937, the planned investments were concentrated primarily on the years 1937 and 1938. In Planning II, this period accounted for around 75% of the total investments, in the version III approximately 67%. In the Plan drafting IV from the December 31, 1937 one shift on the years 1939 and 1940. Together with that already invested means should in total on the years 1937 and In 1938 only 42% of the planned sums are omitted. The last version of the plan reflected the experiences of the first four-year plan year, which had shown that that the desired concentration on the first two was not possible for years .

An idea of the magnitude of the planned investments by comparing it with the total investments of the German economy. Gross economic investment in 1936 - the starting year of the four-year plan - was in Germany 12.16 billion RM. After Planning draft III, the investments should be for 1937 alone 2.87 billion RM, which would have been around 23% of the total gross investments in 1936. A planned share of four-year plan investments of 20% to 25% can also be used for all three different plan versions and the Years 1937 to 1939 as Calculate average. The weight of the investment plans becomes even clearer when compared with overall industrial investments. For the years 1936 up to and including 1939, these amounted to a total of 13.1 billion RM. The estimated investment volume of the four-year plans of 9 billion RM therefore reached almost 70% of the actual industrial capital investments. According to the planners' ideas, that would be Four-year plan so an outstanding role the expansion of industrial capacity.



*Foreign exchange savings:*

The Independence from the four-year plan sought Foreign countries should in quick growing foreign exchange savings knock down. Goes one from that Price level the years 1936/37 then the import savings according to plan version II should be 231 Mill. RM in 1937 to 1353 mill. RM in 1941 increase, according to plan III of 464 mill. RM on 1893 mill. RM in years 1940, according to Plan IV in the same period of 363 RM 2,312 million Mill. RM. Compared to the average import of the Years 1933 up to 4.2 billion RM by 1936, this would have reduced the import balance by more than 50% means. The Raw Materials Office hoped to achieve these savings above all else Textiles on which food sector and at Mineral oil, the in the Years 1940 approximately the half the Total savings of 2.3 billion RM should be generated.

*Investments in the Individual areas:*

The structure and content of the three versions of the plan are very similar. The 25 to 30 sectors recorded were partly broken down again according to individual products, such as the areas of textiles, base metals, chemicals and wood. Although the planning mainly focused on industry, There are also individual plans for energy supply, transport and the food industry. The focus was on synthetic products and other products from the chemical industry. They accounted for around 50% of the planned investments. At second place followed the waterway, Harbor- and shipbuilding one Portion between 16% and 21 %- Around a tenth of the investments were planned for the expansion of coal and energy supplies, for the Expansion of domestic production ignoble metals, the Iron ore mining and Steelmaking another 7 to 8o/o. The The proportion of textiles was around 5% in each case, the proportion of food sector increased from initially 3.1 % to 16%. The The rest was distributed among the Expansion of the wood raw materials, technical products and machines, the Housing construction and various economic sectors (leather, intestines, etc.). Compared to the previous ones Plan versions is at the last Overall planning dated December 31, 1937 greatly enlarged Share of food sector and the Petroleum industry noticeable. This increase was primarily at the expense of the remaining chemical sector (excluding rubber production), wood raw materials and energy expansion. However, the absolute decline was smaller than is expressed here the planned investment volume the January planning at 10% was higher.

The adjacent Overview shows the distribution of the planned Investments on the individual sectors according to plan versions II (January 10, 1937), III (May 27, 1937) and IV (December 31, 1937).

With this distribution of investment resources, the mineral oil industry was assigned a central role. She was also the focus of the practical work of the Office for Raw Materials and Materials. This explains the extensive claim to competence that the office made in this area against the Wehrmacht and the Reich Ministry of Economics to enforce was able to. In the Plan versions of

Table 2

distribution the Investments in %

sector	plan II	plan III	plan IV
mineral oil	16.7	22.6	28.3
Buna	6.0	7.8	6.9
Rest Chemistry	27.3	12.5	8.2
waterways, Harbor- and Shipbuilding	21.2	17.8	16.0
Ignoble metals	4.1	3.6	3.7
iron and steel	2.7	5.1	3.8
textiles	4.0	5.1	5.1
Nutrition	3.1	7.3	16.0
Money	0.5	2.2	2.1
energy	11.0	13.3	7.6
Wood	1.0	0.3	0.7
machinery and technical products	2.3	2.2	0.8
leather and Intestines	0.1	0.2	0.1
housing			0.7

year 1937 became on the ambitious Goal one extensive domestic Coverage of needs within 18 months, as it was in the Mineral oil planning from 10. 8th 1936 and 6th September 1936 and was claimed in the propaganda<sup>47</sup>, waived. People strived for self-sufficiency now within four years.

#### *Production plans :*

The following production goals should be achieved with the investment plans shown become:

#### *mineral oil*

The starting point for the planning was the consumption of petroleum products in 1935 and 1936 with 3.8 and 4.5 respectively Mill. to. Of these, 2.2 were accounted for Mill. tons on light fuels, 1.2 million tons on diesel oil, the rest on heating and lubricating oils. Including the creation of reserves consumption was in 1936 5.0 million to <sup>48</sup>. This was offset by in-house production of 2.57 million tonnes per year. Production from domestic raw materials was 1.78 million to, so that the level of self-sufficiency was only 34% <sup>49</sup>. Foreign dependency was particularly high for diesel, light, heating and lubricating oils with 80%, while she at the easy one fuels (Petrol,

<sup>47</sup> Hitler took part on September 27, 1936 the Opening of the Breslau-Kreibitz motorway stretch that Germany in 18 months from "compulsion." to Gasoline import free be "(Schult means European). History calendar 1936, p. 128.)

<sup>48</sup> Doc. EC-281, Sheet 16a.

<sup>49</sup> Declarations after the copy one Lineup the monitoring body for mineral oil from the 5. May 1938, B.A Military economy armor Wi I F 5/2164.

Benzene) in the previous ones years up had been reduced by 53%. The target for the planning was the need calculated by the Wehrmacht in the event of war (mobile needs), the first (in the planning of the raw materials staff from August and September 1936) with 5.1 and 5.2 mill. to, in May 1937 (after revision of the military power estimates) with 5.7 million to and End 1937 for the Target year 1940 was estimated at 6.14 million tonnes.

With an effort from initially 1.3 (planning from 10. 1. 1937), then about two (planning from 27. 5. 1937) and finally 2.7 billion RM They should consist of hydrogenation and synthesis plants expanded and new facilities built. In the first plans from the summer of 1936, the raw materials and foreign exchange staff already believed in shorter deadline dem Goal the Petroleum self-sufficiency to get close. In the 18-month plan from the August 10, 1936 planned the Raw material stick until 1938 one generation from 3,838 Mill. a year; with it should meet the economic needs lubricating oils 80%, at Heating oil at 39% Diesel oil at 68% 100% lighting oil and on light ones fuels 84% be covered. In the petroleum plan of September 1936, the staff hoped Löb (for smaller ones revisions) also still, the expansion until 1939 at 100o/oiger Coverage of mob needs to be able to finish.

The unreality of the planned goals, which are more like the wishful thinking of the Air Force officers the given Possibilities corresponded, became soon recognized. In the The raw materials office therefore went from one to the following plans period of four years.

The The greatest realism appeared in January 1937, when the target for 1938 was set at 2.8 million tons and for 1940 at 4.4 million tons. But as early as May 1937, production of 5.5 million tons was estimated for 1940, of which 3.1 million tons would be hydrogenation products. In the plan from December 1937, the requirement was increased by a fifth scheduled. Was there the production capacity in grew much more slowly in 1937, than Office had originally planned, so that annual new installations of at least 1,127 Mill. to have to be built in order to to achieve the set standard. Neither companies nor locations were named for these systems <sup>50</sup>. This fact and the Concentration of investments in the last two years of the plan was already a sure sign at the time the plan was drawn up that the planned self-sufficiency could not be achieved by 1940.

### *Buna*

A typical product of the four-year plan was synthetic mineral oil synthetic rubber (Buna). Although the technical Proceedings to his production was already known in the twenties - The corresponding preparatory work took place during the First World War, but production remained unchanged Buna completely insignificant until 1936. This was not least because the... Rubber prices due to the economic crisis until 1932 on a fifth of status of 1928 sunk were and 1936 first again a one-third of status before the crisis reached had <sup>51</sup>. There the

<sup>60</sup> Please refer Doc. NI-6769, Sheet 19a- 19z.

<sup>61</sup> Statistical Manual from Germany 1928-1944, S. 398. The Import price fraud 1928 2200 RM/to, 1932 400 RM/to, 1936 800 RM/to.

Price for synthetic rubber considerably above dem of natural rubber lay, they are Buna planning a Example of that at Setting up the four-year plan the foreign exchange issue one Relatively minor, war economics considerations, on the other hand, are very important role played have. The import of rubber and Good tapercha had a negative impact on the foreign exchange balance in 1936 only 66.2 Million RM, the investments for the Expansion of the Bunawerke on one Initial capacity of 36,000 tons per year saw against it already in the plans of the raw material staff a Cost of around 280 Mill. RM ago. An existing IG-farben system in Schko pau should of 200 on 2000 moto expanded and one not yet closer precise system from 1000 moto new built become. On this way expected man, until the end 1938 the Economic needs at rubber to 55-60% cover to can. In the following ones The level of self-sufficiency should be further increased over the next few years. The planning of January 10, 1937 saw at an investment expense of 531 million RM (including 26 Million RM recorded, the already in 1936 for the expansion of Schkopau invested been were) a Buna final generation in Height from 72,000 tons per year away 1940 before. Already 1938 should Schkopau with his Final capacity from 24000 yes to work. Measured at the consumption from 1936 would have 1938 one Own coverage of a One-third, in the Final construction from 100% means. There however through increasing motorization, before everything but through growing demands of the Wehrmacht for consumption very increased rapidly, became already in the Planning from May 27th 1937 the investment volume on 694 mill. RM increased and one Final capacity of 96000 yes aimed for. Already 1938 should the generation 29000 yeah be, and for 1939 were through the then completed works in Schkopau (Buna I), Dorsten-Minden (Buna II) and Fürstenberg (Buna III) 80000 yes planned. A Plant Buna IV, for that neither the Corporate sponsor still the Location were determined, should his full End of capacity reach 1939 .

### *Rest Chemistry*

The broad field of other chemistry included a variety of synthetic ones and other products often used for production in other sectors, such as textiles, food, shooting and explosives were required. In addition to the most important chemical raw materials (sulfuric acid, caustic soda, soda, nitric acid, Chlorine, etc.) also soot, paste, casein and wood-based products. The most important role was intended for the construction of facilities for the production of powder and explosives, for the in plan II around 1 billion RM for the years 1937 until 1939 was intended (and so over 40% of Investments the rest chemical area). Had a similarly important position the production of preliminary products for the ammunition industry. In the subsequent drafts of the plan, the importance of this sector declined significantly Investments were reduced from 2.34 to 1.1 or 0.78 billion RM. Nevertheless, the planned investments for preliminary products amounted to of shooting, explosive and warfare agents in the May In 1937 he was still almost there 600 million RM.

*Textile fabrics*

Size foreign exchange policy Meaning came the textile raw materials to, although the per projected Investments respectively only approximately 5% the entire Four-year plan investments achieved. 1928 had the import from textile raw materials approximately 900 000 to with a Value from 1.89 billion RM amount, 1936 656000 to for 0.59 billion RM, that corresponded 14% of German Import. The Commodity Office took two steps ways to reduce import dependency: Once that Increasing the in-house production of 'i, silk, flax and hemp, and on the other hand expanding the production of substitute materials (rayon wool, artificial silk). On both The office was able to rely on experiences and previous measures Years support. The Four-year plan accelerated here only, How also in some others areas, already in Flow ongoing developments.

Promoted in many ways through customs protection, compulsory mixing and other measures, was the Rayon production already in the years 1933-1936 from 4500 to increased to 42800 to. However, it only made up 5% of the textile raw materials processed in Germany <sup>52</sup>. The four-year plans therefore envisaged further significant expansion of production before, with rayon wool 146000 to in 1940, at artificial silk from 45.5 to 64.9 thousand tons, for artificial jute from 0.2 to 13.8 thousand to and at Flax, hemp and cotonized bast fibers from a total of 15.1 thousand to on approx. 80000 to <sup>53</sup>. This Planning put a generous expansion of the Fabrication of pulp than that Starting product of rayon wool in advance. The production should here from 95,000 tons per year 244,000 tons in the Years Increased in 1940 become. The authorities planned an additional program later the establishment of five rayon mills and five pulp mills in the years 1939 and 1940, without that first a Corporate sponsor named became. This should be one Production of 152,000 tons per year Pulp and 180,000 tons of pulp per year are secured. In addition to increasing synthetic production, the production of local 'iVolle as well as flax and hemp cultivation should also be increased. (Flax production from 28.6 to 52.0 thousand jato, hemp of 3.4 on 19.0 thousand per year). The planned Increase in wool production believed itself on 8000 per year (from 6000 yeah up 14000 yeah). The Promotion of German sheep wool took place This has also been the case since 1933 due to the legally required mixing of wool fabrics and one Pricing above dem 'iVeltmarktpreis <sup>64</sup>. However, these measures were insignificant compared to the synthetic fiber program.

*Iron ore*

The Iron content of German iron ore mining in 1928 was 2.089 million tons with pig iron production of 11.76 Mill. to. The the resulting level of self-coverage out of domestic ores from 18% sank until 1936 at one Iron production from

<sup>62</sup> Statistical Manual from Germany 1928-1944, S. 321.

<sup>63</sup> For this Doc. EC-281, Sheet 29 a and 29 b.

**M Kroll**, From the Great Depression to state economy, a. a. 0., S. 498f.

15.3 Mill. to fell to 15%, although ore production increased in absolute terms<sup>55</sup>. The Keppler office already had it Preparatory work has been done to ensure this To reduce foreign dependence in the ore sector, since in the event of war German armaments would be decisively affected by an ore blockade become could. The Keppler's plans were at a planned increase in domestic ore production by 1.2 Mill. per year iron content is quite modest<sup>56</sup>. In the summer of 1936, a plan drawn up by the RWM and the German iron industry was implemented, according to which the amount of iron in German ore production was increased by a total of 2 Mill. per year should be increased, of which by the end of 1936 by 675,000 per year<sup>57</sup>. In fact, production increased between 1935 and 1936 by 1.85 to 2.26 million. yes iron content.

The raw materials and foreign exchange staff sought a further increase in the ore mining 2 Mill. a year. This Demands came in more detailed shape in the Overall planning of year 1937 a. According to plan II dated 10. 1. 1937 should 1941 Iron ores with 5.7 Mill. to Fe content is promoted, of which 1938 already 3.73 mill. to. Without information from corporate sponsors became only the Supported areas and the necessary investments of approx. 245 million RM cited<sup>58</sup>. In the plan version from May In 1937 the Expansion targets initially reduced for the years 1937 and 1938 new Final promotion of year 1940 from 5.2 mill. to should however achieved as early as 1940. At the same time, it was believed that investments could be reduced to 177 million RM. Through a Later additional program, which provided for a further 286 million RM in investments, this 5.2 million per year was to be reached in 1939, 1940 then even 7.045 million yeah. In the version from the 31. 12. 1937 planned the office ultimately investments from 353 mill. RM<sup>59</sup>. Self in the May planning no corporate sponsors had yet been determined and only the development in 1937 with the founding the Göring works led in addition, that man in the Plan drafting of End 1937 Pursue for the expansion establish could.

### *Non-ferrous metals*

Headquarters Meaning for the rearmament owned next to iron the base metals lead, zinc, copper, !Magnesium, aluminum and the rare ones metals like tin, Bismuth, Tungsten, Molybdenum, nickel and Cobalt. aluminum and Magnesium was used almost exclusively for air armament. The situation with zinc was relatively favorable; In 1936, 65% of the total consumption of 212,000 tons came from German Financial support covered become. At Lead fraud the Self-sufficiency in the same year at one consumption from 26 000 to only 9% of consumption. Fully abroad

the German economy was dependent the rare metals; lay here 1936 the level of self-sufficiency mostly under 1 %<sup>60</sup>. The raw material for the Aluminum-

<sup>55</sup> Statistical Manual from Germany 1928-1944, S. Z81 and Z88.

<sup>56</sup> Please refer Doc. PS--1301, IMT XXVII, S. 154.

<sup>57</sup> B.A Reich Ministry of Economics R Z5/RWM Z5/57 (Planning documents of Raw materials and foreign exchange staff from 15. 8. 1956).

<sup>58</sup> Please refer planning from the January 10, 1957, WiIF 5/Z563, Sheet 5.

<sup>59</sup> Please refer Doc. EC-Z81, Sheet 5a and 5b and Doc. NI-6769, Sheet 5a and 5b.

<sup>60</sup> Please refer Doc. EC-Z81, Sheet 4a-4 i.

extraction, bauxite or. clay, was in Germany only few available, but could be obtained from Hungary and Yugoslavia via clearing transactions. Magnesium found itself in sufficient quantities domestically. Since the While the supply situation for the light metals aluminum and magnesium was favorable, attempts were made to use the other metals - iron and Heavy metals - to substitute with it.

With Investments totaling 70 mill. RM should *lead* production of 60 000 on 81 000 yeah and from *copper* from 26 000 on 47 000 yeah (later reducing the target to 41,600 tonnes per year). That would help Copper has an own coverage of 16% (according to the requirements of 1936). In addition to a more intense exploitation the Copper deposits around Mansfeld should also be in Siegerland, mining will be reactivated in Bavaria and other areas. An expansion target of 205,000 tonnes per year was set for *zinc* fixed; that corresponded to an increase of 80% compared to production in 1936 and - assuming constant consumption - a demand coverage of almost 100%. In contrast, there was it hardly any options to reduce foreign dependence among the rare metals; only For nickel, a self-sufficiency level of 12% aimed for.

Around so larger Attention they turned Planner the light metals, whose diverse application possibilities were only recognized at that time. Between 1933 and 1936, aluminum production had already increased fivefold; with a production of 100,000 tons That corresponded to 27% of world production - Germany was the second largest producer in the world behind the United States. According to the wishes of the Ministry of Aviation he had Raw materials staff proposed a capacity expansion to 140-150,000 tons in the summer of 1936. Since the starting material for the alumina and thus the aluminum was 100% imported, this developed Office also plans for one Sufficient domestic alumina production Mob. case. 1937 were the approaches for the Capacity expansion increased considerably. Parallel to the expansion of the existing plants, three new plants were planned, with the help of which production would increase to 157,000 tons per year by 1938 and to 239,000 tons per year by 1940 increased become should. To the necessary Investments of 120 million. RM more came 100 mill. for the expansion of the aluminum electrodes and alumina plants. During the same period, magnesium production should be doubled to 26,000 tons per year. The plan included two new VVerke a cost of 18 million RM.

#### *raw materials on Base Wood*

The Office planned to increase the processing of wood into industrial building materials and materials and chemically convert it into pulp, fuel, nutrients and animal feed. Furthermore, as far as this was technically possible, wood was to be used to make machine parts in order to save on scarce and expensive imported metals. The planned Investment funds for the Wood raw materials industry were 65 Mill. RM (December 1937). The relatively small proportion of total investments, however, does not adequately describe the important function intended for this sector was. A Overall picture results itself first at consideration the Chemistry-

plans and the food industry, there Wood there respectively one the was the most important raw materials.

### *food industry*

In the industrial production and investment plan that was originally intended, the food sector became increasingly important because agricultural policy had only succeeded to a modest extent despite increasing crop yields. the Foreign dependency to reduce. Chemical synthesis and industrial processes should therefore relieve the burden on general agricultural policy. In addition to the construction of fish processing factories, the expansion of sugar factories and warehouses were 22 Investments to extraction from feed yeast from wood sugar (Capacity 200 000 per year) planned <sup>61</sup>. With Help the for that estimated Investments of 152 liters. From 1938 onwards, RM's feed supply was to be improved on a domestic basis. These and many other measures that the Reichsnährstand initiated and implemented were aimed at "avoiding the possibility of future starvation" <sup>62</sup>.

### *Energy*

In addition to the industrial and food economy planning, expansion plans were drawn up to increase primary and secondary energy production. The industry needed *coal* as the most important starting product for synthetic materials, before everything also mineral oil, and was at the same time the most important energy source, accounting for 75% of electricity generation. Hard coal production was to be increased from 158.4 million per year in 1936 to 178.8 million per year in 1940, and brown coal production from 161.5 million per year to 195.5 million per year. In 1936 the production of 1928/29 was restored reached; Expansion investments were not necessary for this. Approximately 200 million RM were estimated for the additional increase now planned. At the same time, the nominal output of German power plants should also be increased an investment expenditure of 1,142 million RM a fifth (from 14.1 mill. kilowatt to 16.78 mill. kilowatts) can be increased. This increase in capacity should primarily occur in the Ruhr area, central Germany and Bavaria, as here the one Energy-intensive locations Industries (mineral oil, aluminum, chemical synthesis production) were planned. In the plan dated December 31, 1937, the investment volume was reduced to 727 million RM.

### *Waterway-port- shipbuilding*

According to the plan of May 27, 1937, 568 million RM were earmarked for canal and harbor construction; This was intended to connect the German canal system and expand it and the capacity the German Within- and seaports enlarged become.

<sup>61</sup> Please refer Doc. EC-281, Sheet 21 a and b, 50 e; AK military economy armor, Wi IF 5/2565, sheet 16 a, 16 b, 20, 26 a; Doc. NI-6769, Sheet 24 ac, 20n--o, 56 G, 57 af.

<sup>62</sup> Goering on the Session of the little one Council of Ministers on 21st 10. 1956, BAR 26/EAP 66-c-12- 62/85.



Here played strategic Considerations one size Role. The for the In addition to the renewal and expansion of the merchant fleet, the 906 million RM approved by the office in *the shipbuilding program* was intended to be used to build a German fishing fleet (whalers, shark trawler, "protein fleet") and thus the Promote the food industry .

### *11lengineering industry*

The promotion of machine and machine parts manufacturing has taken on a subordinate role in all existing plans. The plans from January and May 1937 saw 200 million RM each, the December version only 75 million RM left. The focus of this program was the expansion of machine tool and high-pressure boiler manufacturing. The latter was of great importance for the expansion of the hydrogenation plants. These were just like the energy program Planning as Addition for the raw and substitute material area thought, while the actual planning sovereignty for the branches of the machine industry that were important to the war effort lay with the Wehrmacht.

If one finally tries to summarize the characteristics of the plans presented, it can be stated: The four-year plans with their limitation to the basic industries are to be understood from both a war economy and a trade policy perspective. On the one hand, and above all, they represent a supplement or prerequisite for armaments production, but on the other hand they were also viewed from the point of view of necessary self-sufficiency (foreign exchange savings) certainly. So came it in some cases to clear Modifications of from Goering proclaimed concept the concentration on the War economic needs. The expansion on areas How Leather, casein or Textile raw materials makes visible the inherent nature of all economic planning to include as many areas as possible in order to avoid the weaknesses inherent in any partial planning. In fact, the four-year plan authorities were not able to move from partial to total planning, although there was a lack of attempts to do so.

The level of the plan goals in the individual areas and the timetable for their realization (in the last version of the overall planning, investments and Increase in production over the years 1939/40 concentrated) interpret partly due to mere wishful thinking, as it was not possible to set up industries in 2-3 years for which no company had even been named in 1937. Even if you Possibility of plan implementation assumed would be from the "theoretical full self-sufficiency " <sup>63</sup> there was no speech that was according to the ideas of the head of the Raw Materials Office should be achieved.

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<sup>83</sup> report from Colonel Löb above the Work in the first VJP year, Doc. NI- 8590.

#### 4. The practical Work until 1938

The Bodies of the four-year plan were primarily concerned with increasing agricultural production, realizing raw and substitute material planning and distribution, improving the foreign exchange situation, price formation and price control and the steering of the workforce. The first three of these areas of activity mentioned formed a closer connection and should therefore be considered first.

##### a) The agricultural "Generation Battle"

The Inclusion of agriculture in the Four-year plan emerged out of the central importance that her next to the "military policy Backup" for the outside and domestic political Freedom of action of regimes owned. For the Population was self-sufficient and agricultural Self-sufficiency identical and the memory of the Hunger years of the World War gave her especially from a war economic point of view special Meaning. Add came, that - also apart from the event of war - the Agriculture for the Economic policy particularly important was, because she the Foreign exchange balance strong burdened and the crisis of year 1936 contributed to it. One energetic Increase in production in the Agriculture was already in autumn 1934 on dem Reich Farmer's Day in Goslar from Darre with dem call to "agricultural production battle" has been announced <sup>64</sup>. Had that before Reichsnährstand or the farmers' associations - how nice in the last years of the Republic - her Main task in Dismantling the seen agricultural surpluses, In order to raise the prices of agricultural products, the farmers now became national in increasing production made mandatory. Once this should happen Satisfies the demand that is growing again as unemployment is overcome, on the other hand the relocation of the Import focus from Food to raw materials can be made possible. At least the second goal was achieved before 1936 at the expense of mass consumption achieved; the Portion The food industry's share of imports fell from 40.9% in 1928 to 34.9% on average in 1934/36 However, the import share of raw materials important for defense rose from 28.3% to 36.5%<sup>65</sup>.

Far fewer succeeded against, through rising agricultural Production one better care the Population to make possible. The from the Reich nutritional status 1934 initiated Actions such as price supports, premium incentives, appropriate propaganda at the address of the farmers and the targeted Financial support of Fertilizer consumption - the In 1935/36 it actually increased by more than a third the Consumption from 1932/33 exceeded<sup>66</sup> - stayed in your results first considerably behind the

<sup>64</sup> Wilhelm Meinberg, increase the agricultural Generation, in: The Four-year plan, 1957, p. 197.

<sup>65</sup> Statistical Manual from Germany 1928-1944, P. 595.

<sup>66</sup> Statistical Manual from Germany 1928-1944, S. 187.

expectations of the Ministry of Food. In some cases the returns were even that high under the Average of years 1928/33 or stagnated. In addition to natural causes - the weather-related record harvest of 1933 was not easily repeatable - and bureaucratic frictional losses of the new organization in 1934/35, the ambivalent attitude of the Reich Nutrition Council politicians, who, at least initially, saw themselves more as an interest group for agriculture than as a state steering apparatus, may also have been responsible for this. Since this is a failure in agricultural policy tempo the rearmament and the Having to endanger the Reich's independence in the event of war, Göring incorporated agriculture into the four-year plan policy in 1936. He hoped that this would lead to an intensification of agricultural policy, which in his opinion required control of the Ministry of Food and the Reich Food Council by organs of the four-year plan.

As early as March 1937, Göring intervened with a series of Actively participate in agricultural policy. They brought about a reduction in fertilizer prices and made it possible to raise prices for agricultural products <sup>67</sup>. The The result of the price reduction for fertilizers could be seen in the increasing consumption; he he raised itself between 1935/36 and 1937/38 anew around 20%, so that he himself compared to the financial year had doubled in total in 1932/33. The pricing policy Regulations should provide an incentive to increase grain production while reducing the feed deficit by increasing potato feeding. The Pricing policy was but only a - if also more important - Part of initiated actions. In addition, there were measures to increase improvement, pressure from the authorities to accelerate land consolidation, the expansion of state economic advice and state aid and operating loans for various investments such as the enlargement of the agricultural Machine parks, housing construction for agricultural workers and, finally, increasing the proportion of arable land compared to grassland. The expansion of arable land enabled a relatively faster increase in nutritional value per hectare than that detour above the Livestock rearing. Included became also the Cultivated areas from Textile raw materials (hemp, flax), fatty fruits and animal feed have increased so far in high Dimensions the Foreign exchange balance burdened. The adjacent Table shows this trend <sup>68</sup>.

An important means of control for the cultivation desired by the state was provided Aid and pricing policy the "Ordinance on Backup of land management" from 23. 3. 1937 dar <sup>69</sup>. It authorized the authorities to regulate the use of the agricultural land on dem administrative route regulations if the owner did not meet the requirements for "security of national food security". This regulation of the representative for the four-year plan completed the Steering economy on dem agricultural sector, after already with

<sup>67</sup> The pricing policy Regulations from the March 23, 1937 find itself in RGBI I, 1933, S. 375ff.

<sup>68</sup> Statistical Manual from Germany 1928-1944, S. 124ff.

<sup>69</sup> RGBI I, 1937, S. 422f.

Table J

Crop type	cultivated area in Thousand hectares ever financial year							
	1928	1933	1934	1935	1936	1937	1938	1939
rapeseed,	16.8	5.2	26.7	47.0	54.6	49.9	61.9	46.7
turnips								
flax	14.5	4.9	8.8	22.3	44.1	56.9	44.9	83.2
hemp	0.8	0.2	0.4	3.6	5.6	7.5	12.7	20.3
Grain corn	2.1	3.7	16.3	15.8	19.3	38.3	65.8	27.6
sugar beet	454	304	357	373	389	455	502	537
Confused barley	183	271	307	388	436	439	517	329
alfalfa	285	315	319	369	404	418	412	409
Lupins	46.0	53.2	57.3	61.6	81.7	98.6	101.6	77.1

the hereditary farm law, the Reich Nutrition Status Act, the law regulating the grain industry and other market-regulating provisions, the free right of disposal of the farmers about his Land had become more and more restricted, but this was offset by a reduction in economic risk. The difficulties in supplying agriculture with workers, caused by the unfavorable working conditions compared to industry, were the reason to promote the construction of housing for agricultural workers. In the summer of 1937 there were 44 Million RM provided, a few months later 70 RM <sup>70</sup> million . per apartment man a public one Grant from 4000-5000 RM available, like this that This campaign was able to support around 15,000 apartments. However, raw material difficulties later prevented these plans from being fully realized.

Another bottleneck posed the inadequate facilities Agriculture with storage space and machines. Direct Reich subsidies and the Improving the revenue situation with the help of an appropriate pricing policy should therefore stimulate investments. In fact, sales revenue and, above all, expenses increased machinery and Agricultural implements have been rapidly increasing again since 1933, after you in the Great Depression sharp sunk were (Table 4).

·in value exceeded the Sales proceeds 1938/39 the was standing of year 1928/29 around 5%, the of year 1930/31 even by 24%. The entire Operating expenses developed on the other hand, slower and were 1938/39 barely higher as 1930/31. Meanwhile, more responsive spending on machinery and farm equipment increased from 1930 until 1939 on the triple, so that you Portion at the Total expenses 1938/39 was three times as high as 1930/31. This development of mechanization, the increasing fertilizer consumption and the multitude of other measures created some preconditions for the increase in agricultural production. It should not be overlooked that that despite this policy, for example, the number of agricultural tractors still was comparatively low and not more as 5% of the year 1965 alone in the Federal Republic Germany existing inventory

<sup>70</sup> 19. meeting of General Council from the 10. 6. 1957, B.A EAP66-c-1Z- 6Z/85.

Table 4

Development the Sales proceeds and the Operating expenses in the Agriculture <sup>71</sup>

Annual	sales revenue		overall operating expenditure		expenditure for machinery u. Agricultural implements (mill. RM)		expenditure for machinery in % the Ge-velvet editions
	(mill. RM)		(mill. RM)		(mill. RM)		
1928/29	10229	118 <sup>2</sup>		2		2	
1929/30	9808	113					
1930/31	8644	100	7437	100	190 <sup>1</sup>	100	2.6
1931/32	7350	85	6561	88	127	67	1.9
1932/33	6409	74	5900	80	136	72	2.3
1933/34	7466	86	6065	82	210	111	3.5
1934/35	8227	95	6099	82	256	135	4.2
1935/36	8852	103	6528	88	356	188	5.5
1936/37	9165	106	6802	91	412	216	6.1
1937/38	9976	115	7357	99	463	244	6.3
1938/39	10692	124	7860	106	583	307	7.4

<sup>1</sup> According to State Secretary *Backe* from the REM The average number for the years 1928/32 was 195 Mill. RM (*Backe*, The state of the production battle, in: The four-year plan 1938, p. 659).

<sup>2</sup> 1930/31 = 100.

was enough. Spectacular successes were so in this one few years not to expect.

Despite the activation of agricultural policy through the four-year plan, the “The battle of procreation” only gradually and partially a cheaper Picture as in the before going out two years. The care with Bread cereal improved only hesitantly, compares man the average harvest the Years 1936/39 from 12.7 Millions to with dem Result the Years 1928/32, the 12.1 mill. to fraud. A certain success was in this respect to record, as the Declines the Years 1934/35, the to which had led to the “bread crisis”. A noticeably improved results of agricultural policy was shown in feed grains. The average yield during the period mentioned increased from 9.8 million tonnes to 10.9 million tonnes. Taken into account man still the Development the Potato production (4 units Kar toffeln = 1 Unit Grain), so stepped between 1928/33 and 1936/39 at Grain and potatoes one increase to about a tenth a  $\gamma^2$ . Dain this one years also the production of others Agricultural products rose, appreciated the Institute for Economic research that the index the total agricultural production 1938/39 was 20% higher as a decade earlier and the was standing from 1935/36 still exceeded by 10% <sup>73</sup>. Absolutely taken was the a certain Success, but is to take into account, that itself at the same time the Population around 7% enlarged had, so that

<sup>71</sup> Statistical Yearbook for the German Rich 1941/42, S. 613.

<sup>72</sup> Statistical Manual from Germany 1928-1944, S. 124ff.

<sup>73</sup> German Institute for economic research, weekly report from the May 22, 1940.

The domestic per capita supply increased only much more modestly. A better insight into the Therefore, agricultural problems are conveyed first the Development of self-sufficiency <sup>74</sup>:

Table 5

Self-sufficiency in % at important foods

food	0 1927/28	0 1933/34	0 1938/39
Bread cereal	79	99	115
legumes (without Lenses)	62	50	71
potatoes	96	100	100
Vegetables	84	90	91
Sugar	100	99	101
Meat	91	98	97
Eggs	64	80	82
Fat	44	53	57
food total:	68	80	83

Compared to the time before the global economic crisis, there was an improvement especially in bread cereals, legumes and eggs and fat those Supply from local production. Regardless of this remained However, there was a "fat gap" of 40-50% and 30% of meat and milk production was still based on imported feed. The growing needs even caused an increase in the quantity of agricultural imports within a few years, between 1935/36 and 1938/39 around almost 50%, so that their share in the Total imports increased again to 40% . The Foreign exchange savings from agricultural policy therefore remained insignificant <sup>75</sup> , and dependence on imports could not be significantly reduced despite some successes. This meant neither that military economics Goal of the four-year plan - independence in the event of war - nor the trade policy - relief of the foreign exchange balance - reached.

More obvious were effects that had little to do with the goal of the four-year plan, but had a lot to do with it traditional agrarian interest politics had: The Gross and net income from agriculture rose sharply again after the years of decline (from 1935/36 to 1939 alone 25%), theirs Machinery equipment improved considerably and the production control, which practically reduced the production risk eliminated, became further expanded. That suggests on it there, that the inclusion

<sup>74</sup> Calculated according to *Hans von der Decken/Hans-Jürgen Metzdorf*, Europe's food industry, semi-annual reports on economic situation, 17th year 1942/43, ed. German Institute for economic research.

<sup>75</sup> In the Accountability report above the first Four-year plan year becomes one Foreign exchange savings

through agricultural Measures amounting to 100 million RM stated. This information from Löb commented State Secretary jaw from the Ministry of Agriculture with "Completely wrong!", see BA Reich Ministry of Economics, R Z6/RWM Z3/19. The actual savings are probably only a fraction of which amounted.

inclusion in the four-year plan did not significantly change agricultural policy. This is also supported by the fact that the Administrative organization as well as the competencies of the Reich's nutritional status remained virtually untouched. Despite or because of this relatively loose connection to the four-year plan, agriculture remained one of the main problems of the commissioner, since the unresolved issues of the agricultural economy the Realization of industrial planning significantly made more difficult.

#### b) The industrial expansion

Although the construction of the new one Industries are basically private sector should be done, had that Office for German raw materials and materials extensive options for intervention, that this principle in practice didn't say much. The office, in conjunction with the Reich Office for Spatial Planning and the Defense Economic Staff, decided on the location, was involved in the procurement of the necessary workers and raw materials, determined the operational capacities, provided assistance with financing and monitored the timely completion. Although not an entrepreneur itself, it had concentrated important entrepreneurial functions within itself. This division of tasks between the four-year plan and private industry sat the close cooperation at the pages ahead, the thanks to the strong staff Industry representation in the Raw Materials Office was greatly encouraged.

The rule that Financing of the new facilities to the companies left and not to use public funds <sup>76</sup>, - just like the private economic development of industries as a whole - not strictly observed from the start. Because of the capital market block for private individuals that has existed since 1934, the office had to obtain special permits for issues from the Reichsbank. In addition to this intermediary activity, the four-year plan authorities provided for some projects that are difficult to finance privately - Rich resources available in the form of loans and lost grants. This assistance is shown using the example of a financing overview of office for the period from 23. October 1936 until for the May 20, 1937, the 27th May 1937 was created and therefore the reflects actual events in the first half of the year <sup>77</sup>.

In the overview, the dominant role is played by capital market financing (53%) Expression that has been meaningless for years and now thanks to the initiative of Office too for the Private companies was again possible on a large scale. Direct help (resources 13%; through the office mediated Loan: 6%) still amounted to a fifth of the investment volume and was not significantly lower than the self-financing at 28o/o. The concentrated rich resources itself in the area of non-ferrous metals and the chemical industry (Buna). With the Subsidization the Copper- and Lead mines tied

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<sup>78</sup> Please refer Meeting in RFM at 19. 1959 above the Deployment from Investment loans for the commercial economy, BA Reich Ministry of Finance RZ/15721.

<sup>77</sup> The Overview finds itself in Doc. EC-281, Sheet 151.

man to a practice of the then Reich governments that began before 1933. At the time, during the global economic crisis, the most important ones were successfully closed. Works had prevented.

Table 6

Financing overview of official for German raw and Materials from  
October 23, 1936 to May 20, 1937  
(mill. RM)

Territory	own finance decoration (incl. bank loans)	capital market	Through the office presumabl y loan	Imperial and household resources	Total amount
Shipping			1,500		1,500
energy		50,000	1,600	0.050	51,650
mineral oil	195,410	366,250	11,600	0.429	573,689
Research u. Try				0.176	0.176
iron and Non-ferrous metals	10,500	0.300		28,473	39,273
textiles		49,740	20,350	0.859	70,949
Wood	10,400	9,875	19,015	1,460	40,750
Chemistry	47,250	30,075	5,000	95,450	177,775
Explosives	3,400				3,400
Together:	266,960	506,240	59,065	122,897	959,162

377 projects included in the overview, a further 12 projects with an investment volume of 410 million RM were in the advanced planning stage in May 1937, but their financing had not yet been clarified. Overall, the results were: more specific 389 projects investments of 1369 Mill. RM. Of the Of the 960 million RM already fixed, two thirds went to IG Farben, which held over 70% of the chemical sector (including mineral oil) <sup>78</sup>. Of the projects listed were: April 1937 Projects worth around RM 270 million completed <sup>79</sup>. A financing and investment overview for the entire first Year of four-year plan (23. 10. 1936-1. 11. 1937) points for This time an investment volume of 1.26 billion RM from <sup>80</sup>. Similar precise records are available for no more in the following years available; therefore have to Declarations above the Height the Investments after 1937 on rough Four-year plan authorities' estimates support.

<sup>78</sup> Statement from Hagert, clerk the Mob. Department in the Economic group Chemical Industry, Doc. NI-10036.

<sup>79</sup> Financing overview of official for German Raw- and materials, B.A Reich Finance Ministry R 2, ZG 1955ff./17837.

<sup>80</sup> Financing overview of the office for German raw and Materials from 23. 10. 1936 until November 1, 1937. BA Reich Ministry of Finance R 2/13720.



*Mineral oil* <sup>81</sup>

The development of a German fuel industry had already begun in 1926/27, when IG Farben built a hydrogenation plant in Merseburg. But only after the Reich assumed price and sales guarantees for synthetically produced gasoline in the 1933 contract did the experimental stage end. In 1933, the state and industry agreed to limit Leuna to an annual capacity from 350 000 to expand; 1936 The factory already produced 332 000 to. In the same Year showed itself first Production successes in the Brabag plants in Böhlen and Magdeburg and the Hard coal hydrogenation plants Scholven and Oppau, so that the share of hydrogenation and Synthetic gasoline 1936 already 42% of domestic gasoline production. Böhlen near Leipzig, Magdeburg and the Brabag factory in Ruhland Dresden had one in 1935/36 Costs of 202 million RM developed. The Scholven plant in Gelsenkirchen, run by the state mining company Hibernia was, could in October 1936 completed become. These plants also predetermined the direction of future production expansion: synthetic fuel was to replace imported fuel or at least cover future additional requirements, only during the increase in German oil production low opportunities were granted.

This mineral oil policy, which had already been initiated in the Schacht era, was continued with the four-year plan in the essential only continued and intensified. On them were eliminated on average the Years 1937 to 1942 about 40 to 50% all investment resources in the plan. First, the construction of the fourth Brabag VVerke began in Zeitz, for which a total of 100 million RM was earmarked in 1937 and 1938. The expansion was to be completed by the end of 1938 <sup>82</sup>. But as early as 1937, great difficulties arose that the end date is initially at seven Monate had to be postponed. Actually left The planned capacity only then increases achieve during the war.

Parallel to the Work in Zeitz was underway to expand the existing operations in Bohlen and Magdeburg. She should 1938 respectively one capacity of 280 000 yes, the Scholvenwerk (instead of until now 125000 yeah) 210 000 yeah achieve <sup>83</sup>. At everyone this one projects proved itself the time planning however as unrealistic, so that the goals had to be postponed considerably. Another four-year plan project, Gelsenberg-Benzin AG, founded at the end of 1936 by Gelsenkirchener Bergwerks AG, was to be included Investments in Height of 120 Mill. RM had a capacity of 50 until April 1938 000 per year, reaching 225,000 per year by August 1938. In April 1938, however, even the first stage of expansion was not yet completed, let alone the completion of the entire work was in sight. The plan and reality differed even more in the planned large-scale facilities in Pölitz (near Stettin), Wesseling (near Cologne) and VVelheim, where there was hardly any until 1938 Progress showed. The same applies to other companies such as the "Norddeutsche Hydrierwerke".

<sup>81</sup> To detailed information please refer *birch field*, Fuel, a. a. 0., S. 99 ff.

<sup>82</sup> Plan drafting from the 10. 1. 1937, B.A Military economy armor Wi I F 5/2363, Sheet 15.

<sup>83</sup> B.A military economy armor, Wi I F 5/2363, Sheet 15c.

From these examples it turns out that it in contrast to plan and official propaganda in the first two years of the four-year plan possible was, Germany in mineral oil self-sufficient to make. Instead of the planned 3.43 million to become 1938 only 2.34 Mill. to produced. The target (according to the plan of May 1937) was 80% in 1937 fulfilled, in 1938 only two thirds <sup>84</sup>. The generation Domestic raw materials in 1938 were only 3% (!) higher than in 1937 and even the increase of 31% compared to 1936 was not yet a result of the four-year plan, but was based on the capacity effect of plants that had been built before Göring's appointment. The Foreign dependency had This did not decrease compared to 1936 and was still 60% in 1938 of total consumption.

### *Rubber* <sup>86</sup>

The Rubber plans suffered something similar in the first period of the Four Year Plan Fate. In addition to economic had this also technical reasons. The synthetic rubber was in the Years 1936 first in low Quantities produced in IG-farben test facilities and tested for usability. There was no experience with large-scale production yet. It was not until 1936 that a large-scale test facility was built in Schkopau, which formed the core of the later Buna industry .

With the help of an immediate program, the further expansion of the Schkopau test facility into a large plant with 24,000 tonnes per year went according to plan at the end of 1936. <sup>86</sup> . The office estimated for the Expansion in 1937 and 1938 respectively 30 mill. RM Own funds from the company's owner, IG-farben AG, and 60 million RM outside funds (subsidies and Loan). Since January 1938, IG-farben received a monthly loan of 7 million RM from the Raw Materials Office. (Total 80 million RM.) <sup>87</sup> Because of the iron shortage that occurred in 1937, the planned expansion was able to move forward however not complied with become. The first Construction stage became in Schkopau was only completed in 1939, the production possibilities in 1938 were only unconsiderable over the one that existed in 1936 Test facility capacity thrived.

The second Buna large facility should originally in two stages expanded will, of which the preliminary stage in Minden, the Final stage in the Ruhr area. Actually though Six months later, around the middle of 1937, they were still looking for a company and a final Location. After as Location finally Marl and as The sponsoring company in turn The IG colors were decided in the spring 1938, after

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<sup>84</sup> The calculation is based on the production figures of the mineral oil monitoring agency. See BA Defense Economy Armor Wi IF 5/2164. The production figures of the Reich Office for Economic Expansion (BA EAP 66-1/4) even lie a bit lower, as well as that Declarations from Carl Krauch from January 50, 1941.

<sup>85</sup> For the Buna expansion please refer the Activity report of Head of the Organization department IV, 4 in office for Germans raw and Materials, from the end 1940 or Beginning 1941, B.A Reich Ministry of Economics R 25/RWM 25/26.

<sup>86</sup> Please refer B.A Reich Ministry of Finance RG, ZG 1955ff., 17857. protocol one meeting above Financing issues at the 24. 11. 1956.

<sup>87</sup> For this B.A Reich Ministry of Finance R 2 ... 19547.

more as one year loss of time, with which Building be started. A third Buna factory, planned in the fall of 1937 by the rubber industry and IG Farben, was supposed to be first in Fürstenberg/Oder built become. As a result the expansion difficulties in Schkopau and Marl presented man in the Early summer 1938, at beginning of West wallbaus, the planning first back and gave she finally at the end of 1938 quite on. The planned construction of a plant in Rattwitz/Silesia a year later also only remained on the Paper. It was not until the end of 1940 that the planning authorities put in place for the third Buna work a definitive Located in Ludwigshafen firmly - after After the victory over France, there was no longer any strategic risk here - and the IG Colors were commissioned with the construction of the vVerke.

After these experiences, the Reich Office for Economic Development pursued the plans for a earlier intended fourth Bunawerk first at all not further and It was not until the fall of 1940 that the discussion began again. Norway was initially chosen as the location because there was enough cheap energy there decided itself the But office for Auschwitz. This Plan, after 1945 before everything because of of mass use from Concentration camp prisoners became known, never reached production maturity. The Leverkusen plant, where small quantities of Buna had been produced since 1930, also remained insignificant .

The described development of the individual projects corresponded to that Result: Instead of the planned 29 In 1938, no more than 5,000 tonnes of rubber or 5% of rubber consumption were produced. The almost complete dependence on foreign countries could only be alleviated by increasing the amount of regenerates. It was only in 1942, under the pressure of war, that a decisive decision was made Turnaround at home Buna generation to bring about.

### *textile frame and Substitutes*

Significantly more successful were the efforts of Raw Materials Office at the Textile raw materials and substitute materials. Thanks to the increase in the area under cultivation of flax and hemp, straw yields from flax increased from 68.8 to 173.1 thousand between 1935 and 1939 Tons, in hemp from 18.7 on 70.9 thousand tons <sup>88</sup>.

·significant more important was however the expansion the Pulp capacity. Already In the era of the "New Plan" the import of V\Toll- and cotton spuns have been made more difficult, around the rayon, the especially that one "substitute" character to secure the desired sales. The cellular wool mills were largely run by compulsory communities - similar to Brabag in the mineral oil sector - founded, with the spinning mills as primary consumers having to subscribe to the necessary share capital. This is how the Rhenish, South German, Thuringian, Silesian and Saxon came into being Pulp wool stock companies.

The increase in synthetic fiber capacity was financed by existing producers. Artificial silk production increased due to the four-year planned buildings opposite 1936 around 40% on 65000 yes, the generation from rayon

<sup>88</sup> Stat. Manual from Germany 1928-1944, S. 126.

rose by 150% to 154,000 tonnes per year in the same period, significantly exceeding the original plans. the Goals for 1940 already two Years achieved beforehand. 1938/39 could the consumption at textile raw materials in height from 1.13 mill. to 43% from their own production, while self-sufficiency was only achieved in 1936 31% and 1933 even only 5.2% be had. The processing plants for hemp and flake bast and the pulp mills as upstream suppliers The production of rayon wool was also expanded as planned until 1938, albeit at a smaller pace Shifts from two until three months resulted in <sup>89</sup>. Despite this In 1938, self-sufficiency was unthinkable. It was only forced during the course of the war .

### *Chemical Basic materials*

The Plans in the field of chemical raw materials have almost been fulfilled, such as the following Table shows <sup>90</sup>:

*Table 7*

Product	production (1000 jato)			planning 1938 1000 year	Plan fulfillment in%
	1936	1937	1938		
sulfuric acid	1440	1650	1850	1977	93
chlorine	190	230	280	295	95
caustic soda	270	350	450	488	92
soda	800	940	1100	1210	91

Sulfur production rose by 40% between 1936 and 1938, the production of nitrogen 35%. However, the synthetic production of industrial oils and fats; despite production increasing by 20% over the same period Foreign dependency remained at 85% unchanged.

Plastics, which could replace scarce metals in many areas, became increasingly important as synthetic materials <sup>91</sup>. They were made from coal, protein and wood. At the The most important were the coal-based plastics, which formed the starting materials for paints, cable compounds, plates, foils and molding compounds. Between 1936 and 1938 the production of plastics increased by 70% to 42.7 Thousand Metric tons. With it could but just one modest relief for the metal sector could be achieved, as production remained too low and the diverse Possible uses moreover not known were.

### *energy and Coal mining*

The far most significant Primary energy carrier Germany was traditionally the Money. The extension the Energy base as Requirement for the Construction the

<sup>89</sup> Report from General von Hanneken above the Industrial expansion as part of of Four-year plan, BA EAP 66-c-12-62/46.

<sup>90</sup> The numerical information find each other in one report of Reich Office for Economic expansion from 1941, BA EAP 66-1/4.

<sup>91</sup> Please refer *John Eckell*, The German plastics, in: The four-year plan, 1957, S. 582ff. and S. 660ff.

new energy-intensive industries itself therefore only through Increase in coal production accomplish. There energy for the extractive industries before everything as

"Refined" electrical energy was needed, the output of the electricity generators had to be increased at the same time become. The Success was in the first Period also greater than both Synthesis industries. The Hard coal production rose between 1936 and 1938 around 18% to 186.4 million. to, Lignite production rose by 23% to 198.3 million tonnes, coke production by 7.8 million tonnes or 22% - the target for 1940 had already been exceeded in 1938. This rapid increase in production was not the result of a corresponding capacity expansion, but rather due to the VVieder commissioning so far not used Funding capacities attributable <sup>92</sup>. The 1938 it reached production levels could only be exceeded slightly in the following years, there itself a crucial one bottleneck dem Shortage of trained miners. It finally required compulsory obligation and relatively large wage incentives to at least maintain the production achieved. Cheaper was the situation Brown coal, where it none huge Investments to increase capacity were required because the coal could be mined in opencast mines that of capital and Worker supplies was very much lower.

The production of electrical energy was also increased more quickly than originally planned. The performance the VVerke rose within two years by 11%, production by 30%, but even with this the energy demand in the new industrial centers could not be met being satisfied. The authorities therefore had to regulate electricity consumption in some areas <sup>93</sup>, and this despite the fact that the plans had been fully fulfilled. This shows how inadequately the planning technology was developed.

### *iron and steel*

In addition to the shortage of workers was before the outbreak of war the biggest The German armaments industry is in dire straits the Lack of iron and steel. The planners asked here as the two The main problems are expanding smelting capacity and increasing iron ore production. Played less than in other plan areas included the Foreign exchange argument one Role, there it after Goering decisive was, "that in the event of Germany being cut off from foreign ore supplies, the program the defense ... full and quite carried out become could". <sup>94</sup> However, the expansion of the iron and steel industry also met with fierce resistance the Entrepreneur <sup>96</sup>. Considerable Consider, if she also opposite

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<sup>92</sup> The production of hard coal was 1929 in the Reich territory including Saarland 177 million to and lay with it only around 5 % under dem was standing from 1958. There one 100 percent capacity

usage in year Not in 1929 is to be assumed, that should Increase in production on the utilization of existing ones capacities be attributed.

<sup>93</sup> Please refer report from general v. Hanneken for the industrial expansion, B.A EAP 66-c-12-62 /46.

<sup>94</sup> Goering on one meeting of working group of the iron workers Industry on 5/17 1957, Doc. NI-090, p. 8.

<sup>96</sup> For this next to Doc. NI-090 the "Iron Sessions" at Goering at the 16. 6. 1957 (NI- 084)

the four-year plan authorities were not expressed openly, arose primarily from concerns that further development of the iron-poor German ores would be uneconomical and the competitiveness of German industry towards this abroad and the export from iron- and steel products affected would. In addition, there were fears that if smelting capacity was expanded too much, there would be sales difficulties as soon as the armaments boom weakened. The steel industry was able to point out that the production capacity was 19.8 mill. to even in 1937 83% capacity was <sup>96</sup>. The iron producer ratio was slightly more favorable at 90%, but there were still reserves of 1-2 here too Mill. to available. The lack of iron and so there was steel 1936/37 not closed low capacities, but rather due to a poorly functioning quota system and the lack of smeltable ore.

In the spring of 1937 there was a lack of iron ore for a smelting capacity of 300,000 tons <sup>97</sup>. To the acute Göring demanded that the deficiency be remedied. Industry, trade with Brazil, Southeast Europe and to activate Austria. At the same time, Göring intended to reduce the strong dependence on Swedish imports and was one of the reasons for this the argument that the import from Sweden could be made more difficult in the future by political pressure from the English and an alternative was therefore necessary. Actual developments refuted this claim: between 1936 and 1938 imports increased Sweden by another 9%. In truth, Göring probably feared that if a war were started by Germany, deliveries from Sweden would be completely stopped. For him, increasing German ore production was more important than shifting imports.

On one meeting with the main representatives of the German Iron- and Steel industry on the 17th March 1937, at which the future industry policy in the framework of the four-year plan should be determined, Göring explained: "In the name of the Führer... explain I to you as my position, it must be possible, from the German floor the ores so far to support financially, as far as for the actual war supplies are necessary." <sup>98</sup> After he had assured that no company would "collapse economically" because of this, industry also seemed ready to work for greater development of German ores. In principle, this seemed to be the "private sector solution" despite the earlier industrial one. Consider secured.

Actually happened but on the part of the industry, regardless of their consent, in the following months nothing, what on a forced one expansion the German and

7/23 1937 (Doc. NI-353). See also *Schweitzer*, The original four-year plan,

a. a. O., S. 364ff.

<sup>96</sup> The utilization level results itself out of the comparison from production and capacity. Capacity information in the report from General V. Hanneken, BA EAP 66-c-12-62/46.

<sup>97</sup> Göring on the meeting of working group of the iron workers industry at the March 17, 1937, Doc. NI-090, p. 4.

<sup>98</sup> Doc. NI-090, S. 9.

ore base suggested. In addition to the continued concerns, industrialists feared that the for the Cost compensation promised government subsidies low be would. She demanded for this reason Price increases until to 50%, around the necessary Additional investments to be able to finance <sup>99</sup>. Göring could only interpret this attitude of the industry as a refusal to follow his plans. At a meeting of representatives of the four-year plan, of the Ministry of Economic Affairs and the Iron Industry on 16. In June 1937 he accused the industry of continuing to resist processing German ores <sup>100</sup>. At the same time he resigned the establishment of a new work, let but it's unclear whether that The state or the private sector would be the corporate sponsor. But the threat: "It would have been necessary to mine German ores a long time ago... where it doesn't happen, take we Them the ore away and make it himself", let the Industrialists sensed what was coming. Embittered by the boycott of the industry, which he accused of political and economic shortsightedness, Göring had plans to set up a state-owned one Group develop let, the now realized become should.

### *The Reich works Hermarm Goering*

At the 23. In July 1937, Göring announced to the representatives of the Industry the Founding of the "AG for ore mining and ironworks Hermann Göring " <sup>101</sup>. Yes one week before, at the 15. July, was the Company, whose preliminary Share capital from 5 mill. RM at the Rich lay, into the Donut commercial register registered been. Göring's coup shouted under the industrialists considerable confusion out and split them into two camps, the itself not more on a standardized line opposite the politics of Representatives for the Four-year plan some could <sup>102</sup>. A Parts of the iron industry, especially the Röchling Works and the Mannesmann Group, tried to come to terms with Göring. There were economic reasons for this and personal reasons crucial. Both Pursue were on one financial participation at the Göring works interested, around To gain influence on their operational policy, not least to prevent the Reichswerke from one day losing out on them in the finished product sector (tubes, etc.). current make would. There this Interests - special at Röchling - at the same time with one emphasized nationalist, the regime opposite very friendly Attitude coincided, was it not surprising, that she Göring's strongly supported self-sufficiency policy in front of hesitant companies. In contrast, tried a another Part the Industry under guide from Poensgen (Association nigt steel mills), a opposite the claims Göring's more independent course to steer, the itself at the same time with the economic policy imaginations

<sup>99</sup> For this *A Schweitzer*, The original four-year plan, a. a. 0., S. 368 f.

<sup>100</sup> Doc. NI- 084.

<sup>101</sup> Doc. NI- 353.

<sup>102</sup> On this Reichert's notes (Managing Director of the Iron and Steel Economic Group) about a meeting of the economic group regarding Hermann Göring Works on August 24, 1937, BAR 13 I/1066. Furthermore, a summary of the sessions the leading iron industrialists 20/21 August 1937, *ibid*.

Schachts covered. Poensgen was able to point to Schacht's threat in the event of a private industrial threat Support the new ones Reichswerk to resign, and tried with it, the Iron industry against the veconomic policy of four-year plan .

A something like that undertaking was but in the Summer 1937 hopeless, because Hitler and Göring would not have hesitated already with to further intensify the state capitalist economic course initiated with the founding of the Reichswerke. Such fears and that Fear of individual companies In the face of further rejection, they decided not to participate in the development of the Reichswerke group internal conflict in the iron and steel industry ultimately in mind Göring's. The ones so far influential heavy industry was no longer in the Location, together the state capitalist claims of four-year plan Paroli to offer, and found himself with the "Realities". Despite this result, the dispute remains noteworthy enough because it makes it clear that private industrial interests did not automatically coincide with the regime's interests and, in the event of a conflict, the regime did not shy away from realizing its goals even in the face of resistance from parts of heavy industry.

The plans for the expansion of the group envisaged ore mining sites in Salzgitter, Baden and the Upper Palatinate. Thanks to a hut capacity of 4 million tons (it was planned to have two one-third the In order to smelt the amount of ore mined in Salzgitter on site in the future), Salzgitter was to become the largest VVerk in Europe <sup>103</sup>. Paul Pleiger, previously an employee in the Office for Raw Materials, became the first and sole board member. and materials and a special Confidant Göring's. In the On the Supervisory Board, Göring continued to delegate his deputy in the four-year plan, State Secretary Körner the Old National Socialists Lockpick Klagges as the for Salzgitter the regionally responsible Braunschweig Prime Minister, the head of the financing department in the raw materials office, Kurt Lange, the ministerial director in the Reich Ministry of Finance, Arthur Nasse, and as representatives of the industry, the CEO of Rheinmetall-Borsig, Hellmuth Roehnert (at the same time chairman of the supervisory board of Junkers-Flugzeugwerke, which is closely associated with Göring), and the military industry leader Wilhelm Voss.

In the the first year, i.e. until the summer of 1938 you get in Salzgitter on the planning and construction work. The large capital requirement for the first development stage - the further three steps up to planned completion in 1945/46 - became in the spring 1938 through Increase of share capital to 400 million RM. The empire took over 270 of them The private sector received million RM of ordinary shares with voting rights, 130 million RM of non-voting preference shares, 75% of which went to the "Association of the Iron, Steel and Metal Processing Industry". Thanks to this division, Göring had sole decision-making authority for the Reich, which meant for secured itself and the four-year plan and at the same time the criticism of the iron industry at the Reichswerke up to

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<sup>10a</sup> Doc. NI-353, Doc. NI- 1495.



neutralized to a certain extent, although the industry does not yet expect to make a profit could, but considerable buzz provide had to.

Ore mining began in Salzgitter in October 1937. Until Summer 1938 became 570000 to iron ore promoted, one Crowd, the in the first phase of four-year plan the Supply difficulties not ver wrestled, there just her 5 % the Ore import this period corresponded to <sup>104</sup>. Greater meaning won the Göring works at the Ore mining first in the Course of the war. Also insignificant stayed first despite more advanced Planning the Production of pig iron. In 1940 only 2% came from the iron production of the "Old Empire" from Salzgitter <sup>105</sup>.

After the summer of 1938 there was a huge expansion Group that is neither nationally still private sector was justified, but only from dem striving for power and the speculation of a small group around Göring and his ambition to be the largest corporate leader in Europe can be understood <sup>108</sup>. With the annexation of Austria and the Sudetenland, Göring incorporated many of the heavy industry and downstream processing industries located there into the group. The Reichswerke first created their own coal base in the former Czechoslovakia and, after the outbreak of war, in occupied Poland randomly completed her diverse production program= with the help of Machinery and ammunition factories and eventually spread to the transport and distribution sector. This expansion made organizational changes necessary. In the July 1938 was as an umbrella company of the group "AG Reichswerke Hermann Göring" was founded and the various group owned companies Pursue on three Complexes divided up. So developed the Reich works AG for mining and smelting operations Hermann Göring, the Reichswerke AG for weapons and mechanical engineering Hermann Goering and the Reich works AG for Inland shipping Hermann Goering.

Further changes were made in 1940. Essentially, however, the tripartite division remained receive. The Montan block included on his part thirteen Company, u. a. the Salzgitterwerke, the Alpine Montan AG Linz, the Poldihütte in Prague, the coal mines of the "Protectorate" and the VVitkowitz mining and ironworks company AG. The machinery and weapons block included, among others, Rheinmetall-Borsig, Steyr-Daimler-Puch, Skoda and the Brno VVaffenwerke AG Dem Shipping block belonged nearly all shipping companies on Danube, Elbe and Oder, according to Bayerischer Lloyd and Donau-Dampfschiffahrts AG, Vienna.

1940 busy the Mammoth corporation 600 000 People and united almost all stages of production. This economic empire became the most important expression of state capitalism through the Four-year plan polyp-like more and more areas of German Veconomic life captured or at least under

<sup>104</sup> Annual report the Hermann Göring works for the first Year, Dole NID- 13983.

<sup>105</sup> Doc. NI- 1231.

<sup>106</sup> Please refer For this before everything the Documents NID-13842, NI-4758, NI- 071.

his directive forced. In May 1942, after Göring's withdrawal from economic policy, the company was dissolved after it had become increasingly cumbersome. The mining and shipping block was initially subordinated directly to the four-year planning office; the weapons and machinery block was to be privatized. These changes had no significance in the context of the four-year plan more too, since now with spear one new Era, new institutions and new Men the Four-year plan repressed. The tight Connection The Reich's works on the four-year plan were already three lost years before, so that the Group in the later years in increasing Dimensions be had led a life of its own .

The original goal of founding the Hermann Göring VVerke: solving the German ore problem on a national basis, had not yet been very close until the outbreak of war. In 1938 only 23% of the iron could be covered by German production. The increased level of self-sufficiency compared to 1937 was due more to the annexation of Austria than to the additional production. The high foreign dependency was mitigated by the German scrap volume, which was increased by a tenth within two years with the help of intensive propaganda and thanks to the mobilization of National Socialist mass organizations. Domestic ore mining and German scrap together supplied around half of the total molten iron.

The raw materials office's original plans for the steel industry were aimed at one Capacity of 24.4 mill. to, finally even from 31.2 mill. to <sup>107</sup>. Raw material office and industry agreed on a compromise in June 1937: According to Plan I, production was to be increased to 21.9 million by 1940. to, according to a contingency plan II on 24 Mill. to be increased <sup>108</sup>. To achieve this, the existing facilities hardly needed to be expanded, as their capacity was already 22-23 at this point Mill. to fraud. The founding of the Reichswerke made these plans invalid just one month later, as this was intended to expand the existing capacity by a fifth. However, the agreement remained formally in force. The private sector responded with investment restrictions. She even managed to reverse this policy with two orders dated 16. December 9th and 31st, 1937 to be sanctioned "to ensure the planned expansion of the German iron industry" <sup>109</sup>. The instructions included a general one Prohibition of construction of ironworks, which could only be broken through with special permission from the Reich Office for Economic Development. This was a clear concession from Göring to the steel industry the he itself found ready, around the undisturbed Construction the Reich works to to back up.

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<sup>107</sup> Situation report the Reich Office for Economic expansion from 1. 5. 1939, BA Defense Economics Armaments, Wi IF 5/2015.

<sup>108</sup> Doc. NI-954, Doc. NI- 1251.

<sup>109</sup> See management report the Reich Office for economic expansion from 1. 5. 1939, BA Wehrwirtschaft Armaments Wi IF 5/2015, S. 9; furthermore BA EAP 66-c-12-62/46.

The "Success" this measure showed itself 1938 to it, that the crude steel capacity in "Old Empire" only around 0.8% rise.

At first, this restriction policy was not too worrying because it was not used. Generating reserves the production 1938 around 14% rise and A new production record of 22.6 million tons was achieved, so that the planning was even exceeded this year. However, an increase was no longer possible in the following years. In fact, the production level of 1938 was during of the whole war no longer exceeded, although iron and steel remained major bottlenecks in the German economy. But that wasn't the only thing. The attitude of the industry before the outbreak of war was responsible, but also the often missing one supplies Ores, which became more and more of them as the war progressed. Transport options depended.

### *Light metals*

The Lead consumption increased from 1936 to 1938 by 14% to 245,000 tons, copper consumption increased by 7% to 224,000 tons, zinc consumption increased by 8% to 213,000 tons, tin consumption remained approximately the same, and nickel increased by 12% <sup>110</sup>. It was possible to expand the smelter refinery capacities in line with consumption and planning copper even considerably stronger. Nevertheless he stayed area of Heavy metals a bottleneck since there isn't possible. The plan was to expand the supply of domestic ores, and the yield of copper was stagnating even opposite 1936. The Office tried therefore, the To replace heavy metals, with the exception of zinc, with light metals as far as possible and to expand them the Refinery capacity to the resulting change Requirement to align <sup>111</sup>.

The production of light metals developed very successfully, with rapid expansion in 1936 was continued. The Production of aluminum increased within two years by 70% to 166,000 tons, so that Germany's share in world production until 1938 increased to 29% and above that of the USA was. A still larger Portion the VVeltproduktion owned that Rich with 57% at the one that is important for armaments Magnesium, for that 1937/38 one Capacity of 18,000 tons per year was present. Already In 1938, the plans were not insignificantly exceeded, but the demand for aluminum developed even faster the Generation. The magnesium was therefore given the Task assigned, aluminum on his part there too substitute, where this was technically possible so at the Vehicle-, machines and Apparatus construction <sup>112</sup>.

The new vVerke for The focus was on light metal production built in the central German industrial area (such as the LG-farben sales office in Bitterfeld, Staßfurt and Aken at Dessau), because here they are Advantages cheaper Energy (based on brown coal) and strategic security coincided. With others Works like dem Innwerk in Töging became the Location fewer after strategic as

<sup>110</sup> Documents of RWA, B.A EAP 66- b/40.

<sup>111</sup> Situation report of RWA from the March 1, 1939, B.A Military economy armor **Wi I F** 5/2015.

<sup>112</sup> Situation report of RWA from the March 1, 1939, B.A Military economy armor **Wi I F** 5/2015.

after economic and technical considerations - cheap Water energy - set. Since the Luftwaffe was the largest consumer of light metals, the Reich Aviation Ministry had a decisive influence on the structure and location of the aluminum and magnesium production facilities. The construction of the Staßfurt plant and the expansion of capacity at Wintershall AG were due to direct intervention by the Aviation Ministry <sup>113</sup>.

Although the production of non-ferrous metals increased significantly, this was explained. The aim of the four-year plan the Foreign dependency significant to reduce, not achieved. The following overview shows the actual self-sufficiency level for some heavy metals, ie the Share of metal obtained from German mine production and other domestic material (scrap, scrap material, etc.) in total consumption <sup>114</sup>:

Table 8th

Self-sufficiency in percent of consumption

metal	1934	1935	1936	1937	1938
copper	45	43	43	39	41
zinc	67	68	70	74	78
Lead	64	61	59	60	68

A corresponding list for light metals does not make sense because the raw material for aluminum had to be almost completely imported. The Foreign trade policy had here How at the steel finishing metals, which have also been introduced almost 100%, to complement the industrial policy of the four-year plan.

#### c) The foreign trade and Foreign exchange problem

The foreign trade question was not only an important reason for the four-year plan, but her also served to To motivate the public about the necessity of Göring's economic policy. The official propaganda said that... Four-year plan a measure to overcome the foreign exchange crisis which does not run counter to free world trade but actually helps to restore it. It is therefore necessary to examine what role the foreign exchange problem actually played, what measures were taken to solve it and what result occurred.

As already shown, was 1936 the foreign trade balance cheaper than the estimates of the foreign exchange staff had suggested. Taking into account that the "Export Conferences" from May 1936 had no practical consequences so was the achieved Trade balance surplus a surprising result,

<sup>113</sup> On this: Dr. *Eberhard Neukirch*, The development of the Light metal construction in the four-year plan with special consideration of the period of the Greater German freedom struggle from 1959, from June 5, 1945, BA Wehrwirtschaft-Rüstung Wi IF 5/5602.

<sup>114</sup> Calculated after the information of RWA, B.A EAP 66-c-12- 62/47.

which was entirely thanks to the initiative of the export industries. At During the four-year planning period, the foreign exchange problem therefore appeared less urgent as a half Year previously. But the beginning Construction the Works in the basic industry and increasing armaments were now placing increasing demands on capacity, so that in the first months of year 1937 The expansion of exports did not keep pace with the rest of the economic upswing. The This improves domestic market opportunities for entrepreneurs very that great incentives were needed to intensify foreign trade at the same time. Instead of its claimed Wehrmacht and Raw materials office for their sectors take priority over exports. The office argued for German raw and materials, that a foreign exchange saving of 300-400 million can be expected in the first year of the plan as a result of the new plants in the basic materials industry, which will continue to be considerable in the following years will rise.

\During the German Entrepreneur itself always stronger on the risk-free internal market concentrated, enlarged itself since the end 1936 at the same time - from solved through the international Arms race and the temporary economic recovery in the USA - the World demand for capital goods and raw materials. This trend set over the course of year 1937 continues to strengthen, so that after years nearly stagnant \Telthandel is the Export opportunities for Germany as one the most significant suppliers from ltiachinen and From armor strong improved. Already in the first Quarter of 1937 exceeded the The value of the international exchange of goods corresponds to the level of the corresponding period of 1936 approximately a Quarter. The German Exports rose against it only around 13%, The growth rate was therefore only half of the world average <sup>115</sup>. This situation - beginning one worldwide Booms on the one hand and the Lagging behind Germany in foreign trade on the other hand - took shaft for the Occasion, in the April 1937 at the representative for the Four-year plan to intervene <sup>116</sup>. He demanded from Göring called for a slowdown in the pace of armaments and a temporal stretching the Orders for the Construction the four year plan industries, around the economical High on the world market for a reinforced export to use. Schacht criticized with with good reason neglect of the export industry raw material allocation and allocation from Capacities, there the Commodity Office in the first lfonaten the that seem important to him Domestic orders had been brought forward.

The intervention of \Minister of Industry could Goering not to ignore, especially since other high representatives of the economic administration, such as the Reich Commissioner for the pricing, one activation of demanded foreign trade. At the 5. May In 1937 a meeting took place between representatives of the Four Year Plan, of \Ministry of Economic Affairs and the industry one discussion above the problems of Foreign trade instead of <sup>117</sup>. Next to the

<sup>115</sup> "The location the global economy" and "The vEconomic situation in Germany", in: Quarterly magazines on economic research, /Z. Jg. NF, 1937/38, p. 5ff. and p. 119ff'.

<sup>116</sup> Write from shaft at Goering from the Z 4. 1937, Doc. EC-Z86, IMT XXXVI, S. Z8Zff.

<sup>117</sup> For this Doc. NI-084; Write from Göring at Schacht, from the 7.5. 1937, BA Defense Economics-Armament Wi IF 5/587.

Education an export committee, whose Task the poll the interests of Wehrmacht, Four-year plan and Export industry be should, received Director Poensgen (United steel mills) a Special order to Procurement of foreign exchange: The Iron industry should 100,000 tons iron monthly additionally export and about better Delivery the Ironworker in export-oriented Industry sectors in addition contribute, the Export of finished goods to increase. Later became the Order modified: direct iron export should opposite dem indirect, that is dem Finished goods export shortened become. With this one Measures hoped you at one Iron quota of 505 000 moto one considerable increase the Foreign exchange earnings to reach. It showed itself however soon, that at a such Height of the export quota did not meet the objectives of the four-year plan in the industrial sector on time Fulfills become could. Already center July 1937 demanded Löb therefore one Reduction in favor the Mountain- and Metallurgical works. On the "Iron Session" at the 16. 6. 1937 supported Göring his head of office and blamed the iron industry for... despite the agreements from the Beginning May the easy way direct iron export gone be. On this one Meet became clearly, that itself Goering from the Four-year plan investments one larger Foreign exchange effect promised as from export. In fact cleared he with it dem Development of domestic raw materials and substitute industry again the priority before dem Foreign trade a. The was given the military economics Objective of four-year plan not surprised.

What actual course did foreign trade take? After a hesitant upswing in the first Quarter 1937 it came in the second and third quarter 1937 led to a boom-like expansion with growth rates of 20-30% compared to 1936. Although there was a slowdown at the end of the year, the result was much more favorable as before one-year period <sup>118</sup>. The export could around 23% increased become, the import increased around 30%, Germany became benefited more from the international trend in foreign trade than was initially expected. However, the supply of foreign raw materials did not improve commensurately as prices rose significantly over the year and the main increase in imports came from agricultural products. With the active balance achieved of 443 million RM, only half of the balance of payments deficit - which resulted from the non-commodity accounts - could be had to be covered, the rest had to come from the one-off foreign exchange reserves (foreign exchange campaign from 1937). The goal that should justify this recourse is to advance the four-year plan projects to such an extent that that after just one year they were able to make a significant contribution to self-sufficiency, however, it was not reached. In the plan from May 27, 1937 was Foreign exchange savings of 464 million RM were planned for 1937. According to the very generous calculations of the office Löb resulted but not more than 367 million RM; according to the probably more objective estimates of Ministerial Director Neumann (Foreign Exchange Business Group) was the Savings even just 150 million RM <sup>119</sup>.

<sup>118</sup> The Economic situation in Germany, in: Quarterly magazines to economic research, 15. Jg. N F., 1958/39, S. 50ff.

<sup>119</sup> For this report from Colonel Löb above the first Year of VJP at the 30. 10. 1937. B.A imperial

In 1937, Germany had a global economy and the Evade on Reserves that Foreign exchange problem master can; 1938 aggravated it itself anew. Initially they were still optimistic because of the upswing in 1937 Authorities the four-year plan and of RWM for 1938 with one further increase the export around 5% on 6.2 billion RM.

But was man so cautious, already in this setup a Shortfall at Cash foreign exchange from 400 mill. RM to be taken into account <sup>120</sup>. First seemed the optimism justified. In the first months of Year 1938 sank - for the economist however already signs a new crisis - on the world market the Prices for Imported goods. Additionally expanded itself the Cashless option clearing transactions. The additional need for the rearmament could be satisfied and the estimated deficit instead of from 400 mill. RM on 160-180 Mill. RM reduced become <sup>121</sup>. Add stepped a political Factor. Through the annexation of Austria was standing in the March 1938 one additional Gold- and Foreign exchange reserve of 440 million RM Disposal. Of that to be billed was the Austrian foreign exchange needs 145 million. RM; thus 295 remained mill. RM, which too 60% to Cover of the in expected foreign exchange deficit of this size (approx. 175 million RM) and at 40% for a special fund to acquisition commercial raw materials planned became. This Foreign exchange stock seemed also the to beginning of year as inevitable on seen Cuts in the To make raw material imports unnecessary. What economic Meaning man the affiliation Austria allowance, results itself out of the statements from Ministerial Director Neumann in the May 1938, what because of of "Growth in Austrian economic power towards the old empire... the German raw materials and foreign exchange economy after the existing planning year 1938 continued and be maintained can ... ". <sup>122</sup>

This hope turned out to be a mistake. On the one hand, the demand for raw materials increased to an unplanned extent (construction of the West Wall began in 1938), and on the other shrank world trade, there the USA because of one severe economic crisis Demand more and more failed. In the 2. quarterly world trade was 15.7%, in 1938 a total of 13% under the Status of the previous year. In Germany was the decline with 5% not so pronounced, but became all Dispositions based on further expansion were destroyed. If you bracket the trade with Austria, which no longer brought in foreign currency in 1938, then the contraction was even 10%. After several years of active trade balance was now created a deficit of 200 mill. RM, so that the rest the remaining foreign exchange reserves can be used had to. At the end of the year they were able to ongoing Full scale production only maintained by relying on Wifo's raw material reserves become. Included was the outlook on 1939 not very rosy, there in the October

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Ministry of Economic Affairs R26/RWM 25/19 and Neumann on the 1. Meeting on economic issues from 10. 2. 1958, BAR 26/EAP 66-c-12-62/85.

<sup>120</sup> 1. Meeting above Economic issues at the 10. 2. 1958; 25. meeting of General Council on February 17, 1958; BAR 26/EAP 66-c-12-62/85.

<sup>121</sup> 5. Meeting above Economic issues from the 19. 5. 1958, BAR 26/EAP 66-c-12-62 /85.

<sup>122</sup> Neumann, Ibid.

1938 the Incoming orders in the Export industry around 40% compared to October 1937 were <sup>123</sup>. This showed a certain gambling nature of German economic policy. The foreign policy actions since 1938 - Austria, Sudetenland, destruction of the Czechoslovakia -, who regained a sign military Strength were, hidden to Part the economic Difficulties, in some cases they even made these problems easier.

The trade policy development Year 1938 led in In October there was again a special meeting at which export promotion measures, especially a temporary priority for foreign trade in the Supply with Raw material quotas were decided <sup>124</sup>. Fewer however this funding rather than one Revitalization of the world production and - with time delay - of world trade to attribute it, that itself 1939 that Export volume again enlarged and - at the same time slightly sinking Imports - the trade balance even again became active. With the outbreak of war, trade flows increased then less from use currency as of the Possibility compulsory procurement of goods from occupied bid directed. The foreign trade problem, which has been subject to increasing intervention since 1934 State in the Economic life after itself pulled had, was comparatively meaningless become.

The findings so far indicate the success of foreign trade policy of the four-year plan appear minor. Neither was the foreign exchange balance using the new Works were still able to be decisively relieved new Methods to solve the balance of payments problem are developed. Also in 1937, when the When trade reached its peak, the exchange volume was only 70% of that in 1929. However, it should be taken into account in all this: foreign trade policy was for the representative of the four-year plan to at no time the central Problem, but was always the and should be subordinated to industrial planning these actually help. The Trade policy therefore cannot should be viewed in isolation, but should be judged according to the extent to which it promoted or hindered the construction of works and armament. Seen in this way, a considerable expansion of armaments had been made possible. Relatively low in the first two to three years success in Industrial expansion was less than that shortage of raw materials caused by foreign trade rather than the lack of manufacturing capacity in the capital goods industry and the attributed to a lack of skilled workers. In addition, the slow increase in trading volume was not limited to Germany, rather was in other countries too observe, and after all it was a basic thesis of National Socialist economic policy, to reduce the link with the world market. Nevertheless: All in all, the result of the foreign trade policy - measured in terms of the annual growth rates of A- and export - right modest and resembled in this respect the Development

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<sup>123</sup> specification from Secretary of State Brinkman on the X meeting of little ones General Council at the

13. 10. 1938. BAR 26/EAP 66-c-12-62 /83.

<sup>124</sup> 31. meeting of General Council at the 14. 10. 1938, B.A R 26/EAP 66-c-12-62 /83.



of the production area. In contrast to the self-sufficiency theories, foreign trade played a role. How before for the German economy one significant and by no means only negative Role.

### *5. The Function of four-year plan until 1938*

In the Summer 1938 changed is crucial Conception of the four-year plan. Before dealing with the new developments, we should therefore summarize them first become, How the Four-year plan in the first phase worked and what was typical. It A distinction must be made between the four-year plan as an economic policy leadership on the one hand and as a factual program and plan for the basic industry, foreign trade, price policy and labor market policy on the other.

The claim of four-year plan, management body of the Overall economy to Göring was able to achieve this to a large extent in this first period, to which the state economic administration also had to subordinate itself. However, the four-year plan bodies were not content with a formal leadership role. About the Office for Raw Materials and Materials and the Reich Commissioner for Pricing, in less Scope also about the others business groups, they kicked competing alongside the existing state economic bureaucracy, himself acting, prescribing and managing. In this property brought the four-year plan introduces an element of uncertainty and unpredictability into administrative activity, so that already in the first two Years of organizational reforms and constant definitions of competencies became necessary.

The individual organs of the four-year plan had very unequal weight and status only above the person of Representatives and the Central authority in the Prussian State Ministry. Göring took the central position, he could act as coordinator for the departments of the Four-year plan as for relationships from four-year plan to the ministries enforce its decisions with the help of the General and Ministerial Councils. In fact, it turned out that strict leadership and command were rarely carried out with a heavy hand, and that even the necessary coordination often failed. In addition to the conflicts between the four-year plan authorities This led to disputes with the other economic policy authorities due to the lack of a clear distribution of responsibilities soon the extent "more normal" Differences between competing bureaucracies went so far that economic policy authorities (such as the military economic staff and the GBW) opposed each other their existence questioned.

As far as the character of the planning itself is concerned, what was particularly noteworthy was the ratio of broad, ambitious goals (military self-sufficiency). one relative comprehensive basic planning setting required, and the limited method the partial planning, with the man this Goal to to reach

hoped. Under the Capital goods and the consumer goods industry were included in the planning, which had to limit success in the planned sectors from the outset because of the uncertainty factors associated with it. At least it proved itself the partial planning in several areas as an elastic and Quite a useful instrument, if one takes into account the difficulties involved, in part it worked - How in the case of light metals, the Textile raw materials, chemical raw materials or mining - actually quite good. However leaves itself no Blanket judgment about Success and functionality hand over, because the results varied greatly from area to area and a period of two years was too short for spectacular results. To the extent that the planners hoped for this, they left the ground of reality, as was clearly shown with mineral oil and rubber <sup>125</sup>. Despite the partial successes overall - as they also occurred in the field of agricultural production - let himself one decisive improvement in the Self-sufficiency with raw and basic materials as well as with Do not force agricultural goods in the first phase. The highest measure the Dependency existed straight at those products further, the in the were difficult to replace in the event of war.

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<sup>126</sup> However, this did not stop Hitler and Göring from boasting about the results of the four-year plan at the 1958 party conference. Hitler's proclamation said: "The idea of a blockade of Germany can already be seen as a completely ineffective weapon to bury." (Quoted after: Keesings archive the Present 1958, S. 5709.)

## II. THE FOUR YEAR PLAN FROM THE SUMMER. 1938 UNTIL FOR THE OUTBREAK OF WAR

In two areas occurred in the summer 1938 decisive Changes which justify speaking of a second period of the four-year plan. First, the concept of the planning changed, but in connection with this also the organizational structure of the four-year plan. In place of the original, self-sufficient The goal of direct planning was to prepare for mobilization, which meant a transition from a relatively broad plan concept to a concentration on just a few war-important products. This naturally also led to institutional changes.

### *1. The changed Four-year plan concept*

On July 16, 1938, Göring drew the following conclusions about the development of the four-year plan <sup>126</sup> : "Previous achievements of the four-year plan unsatisfactory in the war-important areas due to excessive fragmentation. The situation in the powder and explosives area is catastrophic as a result of the dispute over responsibilities. The sharpest summary of the four-year plan is necessary for the following generation plants: a) powder and explosives, b) fuels, c) Aluminum, d) Buna, e) ore supply." Before everything the Work against each other the made different places Goering for difficulties of four-year plan responsible. Here is in the Did one Cause the only modest progress and many To see grievances, but they are not allowed to be affected by them factual contradictions that can be traced back to the over-stressing of the German economy due to rearmament and the four-year plan are hidden.

The foreign policy development of the year 1938 exacerbated the Tensions in the German National economy. West wall construction and armor required an ever larger proportion of the workforce, Industrial capacities and raw materials. By the summer of 1938 it became apparent that it was impossible to maintain the original plans. The state leadership was faced with the alternative of either significantly reducing the pace of armaments or all planning areas, that did not directly serve the arms industry.

About the exit this decision could be made no doubt had However, from the beginning, Göring saw the four-year plan as part of the armaments effort and saw its decisive meaning in "securing rearmament". However, this did not prevent the four-year plan from following the general trend to accumulation from Competencies following, one expansion learned, the with

<sup>126</sup> Meeting at Goering at the 16. 7. 1938, B.A Military economy armor Wi I F 5/412.

was no longer completely compatible with this objective and with her sooner or later had to come into conflict. On the occasion of the Sudeten crisis, which brought an outbreak of war very close, Hitler and Göring became aware that economic armament still insufficient was and the foreign policy Vabanque game from there no way was covered. Just now became with the relative extensive planning, the itself not even immediately areas that were important to the war effort came to an end.

The impetus for changing the planning concept and organizational structure came from the head of the research and development department in the raw materials office, Carl Krauch, the as Confidant the chemical industry as also his professional quality because of Löb the most important figure in office for raw materials and materials. The factual reason was the difficulties of implementing the plan, which caused considerable shifts in planning and implementation as early as 1937 had. The Four-year plan headquarters could this Development out of the quarterly activity reports from the office manager, but also from direct reports from various construction site managers. In view of this discrepancy between what he hoped for and what he had achieved - Löb's annual report for the entire first year of the plan was depressing enough in this respect - State Secretary Körner recognized shortcomings in the expansion of the petroleum industry for the Occasion, At the end of 1937 from Head of the Raw Materials Office one Explanation to demand. There Don't praise ready was, Mistake to admit it in the planning, Körner contacted Krauch shortly afterwards. Krauch, to whom, as an industrial expert, the cumbersome and bureaucratic working methods of the office are obvious has long been a thorn in Körner's side, Löb's entire industrial policy appears to have been subjected to devastating criticism and at the same time constructive suggestions for one more rational to have made work design. Körner then assured Krauch of all support, especially this Right, at any time without knowledge of However, the head of the office initially avoided contacting the central authority open break with Löb.

This one left though not long on wait, after Löb already in the As a result of organizational changes from February 1938 the immediate Responsibility for the new Reich office for Economic expansion lost had. In June 1938, Krauch made one Advance to State Secretary Körner and explained again, "That Löbs Work essential Mistake show, that he much too strong at his Planning ...stuck and that therefore size Differences between planning and reality came into being... " <sup>127</sup> grains turned then directly to Göring and spread him the Problem. Goering Löb ordered first to itself and let away from him to report. There Löb on it the accuracy and Feasibility of his plan pay insisted, confronted Göring the both opponents Löb and Smoke for a few days later in Karinhall, whereby it according to the testimony of also present grains to one "dramatic Pronunciation" came. Krauch succeeded it convincing, the planning errors plan to show praise and Goering for one fundamental revision the entire Four-year plan policy to win.

<sup>127</sup> Affidavit Statement from grains at the Z9. 8th. 1947, Doc. NI- 10586.

Only now, in June 1938, does Göring seem to have fully realized that the original conception of the four-year plan had failed. This insight alone would have him but probably not in addition moved, so fast like it then actually happened, basic personnel and organizational issues make changes if In the summer of 1938, the foreign policy crises did not suggest a reformulation of the plan goals in the sense of a greater concentration on mobilization, independently of the internal four-year plan. Added to all this was the chemical industry's growing dissatisfaction with the work of the Raw Materials Office, which was caused less by the content of the planning than by the way it was carried out. The Industry wanted one, in keeping with Krauch's spirit sole responsible central office for the Plan creation and planning management, the independent could work by the Wehrmacht staff and the economic bureaucracy. The one next only objectively justified Wish the IG colors was not randomly brought forward just at the moment when the work of the office is in a serious crisis was. It speaks a lot for that, that the industry, special the IG colors, theirs advances at the Four-year plan authorities carefully with Carl Krauch voted. The confusing situation of June 1938 was to be exploited to monetize the supremacy of the I.G.-farben within the framework of the production and investment program of the four-year plan in terms of personnel and organization .

In a letter addressed to Krauch and possibly ordered by him, IG Farben described fragmentation as the decisive reason for the delay in the production programs of competencies across a variety of institutions. The IG's main target was the activities of the Wehrmacht staff, which were previously responsible for the entire armaments industry and thus the activities of the Reich Office for Economic expansion, in which the group was strongly represented in terms of personnel, was severely restricted. Apparently entirely in the service of The IG complained about the matter miss the cooperation between the Wehrmacht and the Reich Office for Economic Development. Then, becoming clearer, was called it: „We have in the meantime the Impression receive, that the The Reich has no right to dispose of public funds at all and therefore does just that HWA (Army Weapons Office), the in this always emphasizing its superiority, is responsible." Finally, the cat was let out of the bag: "What we need, if the German rearmament is to be carried out at the necessary pace and according to national principles, is that only one responsible body faces us." <sup>128</sup> There was little doubt as to who would set the tone .

The allusion to the attacks of the The Wehrmacht was chosen very cleverly Goering the military economics Competencies of army and of OKvV so far I have hardly been able to control it. As a result of the Army Weapons Office's practice of intervening in the basic industries reserved for the four-year plan through the armaments factories , were the opposites still tightened been. For Goering, the itself

<sup>128</sup> Doc. NI- 5687.

Although the industry agreed in rejecting such interventions, it came in a matter-of-fact manner justified criticism of IG-farben therefore how ordered, and he hesitated not with an attempt to limit the economic powers of the Wehrmacht. However, it was a great advantage for the group to be able to directly direct the planning and implementation of the four-year plan projects through its board member more than before and in this way also decide on the allocation of public funds. In this respect, the arguments of IG Farben were also correct factual justified than it was despite many organizational reforms Until now, economic mobilization had not been achieved more effectively to design.

In order to achieve a first remedy, on the 30th In June 1938, a rapid plan for powder, explosives and warfare agents and chemical precursors was drawn up. Be author was IG Farben Director Ambros, a confidant from Krauch. This ammunition plan was already announced on the 12th. July 1938 Part of a larger solution, the so-called military new production plan, which replaced the previous four-year plans replaced. This plan has been determined since July 1938 The practical work of the four-year plan bodies was decisive and became an expression of the new concept. The in him not more captured Plan areas kicked in the background.

## *2. Organizational Changes*

On August 22, 1938, Carl Krauch was elected "Authorized persons for the Generation from mineral oil, rubber and light metals, from shooting and explosives and their Pre-products and auxiliary materials as well for the generation from chemical weapons" <sup>129</sup>. He received that official title "plenipotentiary of the Prime Minister Field Marshal General Göring for Special Questions of Chemical Production" was promoted to General Plenipotentiary a few months later.

Krauch's appointment had been apparent from the moment a summary of the four-year plan's most important military economic areas was under discussion. She but only could against the sharp opposition from the military authorities will be enforced primarily resisted the inclusion of the powder and explosives industry in the special authority. The head of the OKVV, General Keitel, went into custody on the 21st. In July 1938, in a letter to State Secretary Körner, he sharply opposed the appointment of an authorized representative, without that the OKW belongs been be, and hit at Krauchs Job for the new Position of General Becker from HVVA before <sup>130</sup>. It didn't take long for the big chemical industry to react. A day later, Carl Krauch criticized the interventions and attempted interventions of OKW and the Wehrmacht parts in the chemical one Industry

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<sup>129</sup> Doc. NI- 15901.

<sup>130</sup> Doc. EC- 279.

(to the also the ammunition industry to count be). He made itself to advocate for free initiative industry and demanded the restriction of HVVA on the decisions about quantity and quality of production while he is involved in rejected the production process <sup>131</sup>.

The intervention of the Wehrmacht could not prevent the order from Krauch. However, he initially did not receive the far-reaching powers that he had given in two memorandums on 16. July and 17th August had requested. Above all, Krauch had independence in planning and implementation, a separate steel contingent, binding financial commitments of the Finance Minister, the Possibility of overriding legal provisions insofar as they hinder the practical activities of GBchem and demands priority delivery of raw materials <sup>132</sup>. Goering but rejected *such* extensive powers off, since he probably agreed Influence the Wehrmacht positions too to reduce, not however, for that one by him factually independent institution too create. He kept itself the Right to issue instructions to the highest Reich authorities, Reich Governors and Supreme Presidents. Besides that had to, in contrast to the Wish from herb, at least one Part The demands of the Wehrmacht were taken into account, *so* that a number of compromises were made: Krauch was left with the program and the Planning (after the Wehrmacht's ammunition requirements were available), construction and commissioning of ammunition factories were shared GBchem and the Ollie (represented by the Army Weapons Office). The centralization of the Competencies were not entirely successful if the new representative also had a stronger position than the leader a year ago, at the expense of the military staff of the office.

Krauch's commission was true in its scope, but not in its construction a novelty. The institution of authorized representatives was already in the Summer Created in 1937 with the appointment of General von Hanneken been. At 16. July 1938 announced Goering in one Write to the Reich Minister that "the necessity the accelerated Implementation of the four-year plan and the Mob readiness" forced him to "appoint so-called general representatives in particularly crucial areas". <sup>133</sup> These authorized representatives should be authorized to carry out the necessary Measures all "Authorities and "Departments" are to be provided with instructions. In addition to the general representatives, areas "their importance of The appointment of general representatives was not justified, but they nevertheless required special support", special representatives were appointed. The appointment of the authorized representatives in 1938 meant despite the external similarity with the appointment of Hannekens represents a decisive change to the previous organizational structure. Hanneken was 1937 on coordination and Distribution activity limited been, the new commission

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<sup>131</sup> Doc. NI- 8840.

<sup>132</sup> Please refer B.A EAP 66-c-1Z- 6Z/1Z1.

<sup>133</sup> Decree Göring's from the July 16, 1938, B.A Military economy armor Wi I F 5/684.

Those in power, on the other hand, should have the authority to issue orders to the Reich authorities and should themselves act as executives. Just like the original planning concept was with it also the organizational Conception (How she Göring first in the February 1938 realized had) leave been. The Order at a person endowed with full powers and responsible for a relatively limited area subject area, became since Summer 1938 a important Structural feature of the four-year plan that can also be demonstrated in other areas of the National Socialist state.

In addition to Krauch and Hanneken Todt, general representatives were appointed for the construction industry (9. 12. 1938), Major General von Schell for the motor vehicle industry, Mayor Dillgardt for the energy industry, representatives, commissioners and special representatives were Professor Bentz for the promotion of oil production (28. 7. 1938), Major General Fellgiebel for technical communications and Director Lange for machine production. In the course of the following years, additional representatives were appointed, for example for timber construction, for the main trust office in the East and for ensuring a regulated work process in the industry.

In addition to the authorized representatives, the Reich Office remained the organ of the four-year plan for Economic expansion consist. Her came however as a result the Shifting authority to GBchem is of little importance. She remained for those areas of the industrial sector of the four-year plan responsible, the had not been summarized in the military production plan. Even later, when Göring converted the Reich Office into the Reich Office for Economic Development, little changed. Krauch took over December 1939, after replacing Major Czimatis, he was also temporarily in charge of the Reich Office, later he became its final boss. That's what it meant Merger of the GBchem authority and the Reich Office into a unified apparatus. In this new organization the GBchem Authority was a department I, the Reichsamt Department II. However, the heavyweight remained the department I, which consists of 11 subdivisions existed, while the Reichsamt only 3 subdivisions included. That already shows the extent to which all important functions were concentrated in the GBchem apparatus <sup>134</sup>.

### *}. Power politics Consequences*

The Introduction of the new planning concept and the with it associated organizational changes had a negative impact on the internal structure of the four-year plan as well as far-reaching consequences for the relationship between the four-year plan, industry and the Wehrmacht .

The authorized representatives meant the more Fragmentation the four-year plan

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<sup>134</sup> For this B.A Reich Ministry of Finance R Z/ZG 1955ff./Z1370.



Organization. In contrast to 1936/37, there were now also in the industrial sector no institution more, the - How previously the Office for Raw- and VVerkstoffs - den four-year plan represented. The four-year plan was broken down into parts, accordingly the Number of authorized representatives and Group leaders, the more and developed more of their own life; that made it more and more problematic from *that* Four year plan to speak. Je more competitive organs of the The more four-year plans there were, the less their measures were coordinated. For the state administration they meant authorized representatives one more complication and Confusion. By detached from the hierarchical Ties of the general bureaucracy could act as executive branch, they broke the traditional administrative structure and in particular undermined the powers of the ministerial bureaucracy, which in Germany is a particularly important political and social authority had been a power factor. In addition, through this principle of sole responsibility towards Göring (one is inclined to talk about the introduction of the Führer principle into the economy to speak) a system each more isolated more vertical Dependencies and thus created a zone of uncontrollability that contradicted the principles of bureaucratic administrative unity and regularity and made the probability more erratic Resolutions increased considerably.

Last but not least, it expanded with it the Opportunity for private business groups to help shape state economic policy according to their own interests. The appointment of Krauch strengthened the influence of large-scale chemicals even further than before already reached Dimension out. This Increase in power went first to Burden of the Wehrmacht offices and thus signaled a process of change in positions of power, which finally with the extensive displacement the The Wehrmacht's transition from "Vindustry control" ended. This shift was initially covered up by the fact that the OKW Military Economic Staff and the Army Weapons Office in the area of VVeconomics generation plan a significant scope for participation was left. The Defeat on one sub-area was which is still obvious, since from now on an industry representative will be the decisive figure on the area of Pre-products for ammunition was.

The main motif Göring's for the Pushback of · defense economic staff and des Army Weapons Office should in his Intention to seek be, the own To strengthen its position at the expense of the other parts of the Wehrmacht and especially the OKW. Hitler's and Göring's aversion to bureaucratic perfection also played a role here and clumsiness, the especially in the Wehrmacht administration was given, and their admiration of the unbureaucratic industrial economy played an essential role. The position of the Wehrmacht units was relatively unshakable until the end of 1937 Party leadership's claim to power, the Officer Corps of Army, especially at its top, still acts as a unit due to common tradition and origins sociological group available. Although there were with the The Blomberg-Fritsch crisis involved profound changes that led to the gradual subordination of the VVwehrmacht, but that was all the Autonomy of the military staff not yet eliminated. For Goering offered the Four-year plan crisis from the

The summer of 1938 therefore provided a welcome opportunity to weaken a relatively intact power factor by strengthening its authority in the area of economic policy. He was able to play off the interests of industry against those of the military staff and thus made himself the champion of the branch of industry that benefited most from the self-sufficiency program.

The organizational ones Above all, changes brought the IG Farben group great additional influence. Although company representatives had already occupied key positions in the former raw materials office, they were only now given key positions in the organization of the four-year plan the crucial personnel preponderance. In the fall of 1939 were 20 the 98 academically trained *IVlitarbeiter* in the Reich Office for Economic expansion and employee of IG-farben at GBchem. As the war progressed, the share could even 20% to 30% increased because in 1944, 40 of the office's total of 128 academics were recruited from the group. The company paid them Continue to share your previous salaries her Company loyalty secure <sup>135</sup>. Against this immediate merger of the most important industrial area of the four-year plan the largest German group had each other shaft and the economic administration, the traditionally concerned with a strict separation of public and private interests, was defended in vain. Instead of being able to limit the influence of the IG Farben, which Schacht warned against participating in the Four-Year Plan in 1936, the Four-Year Plan de facto developed into an IG plan. Two thirds of all investments initially went to this company <sup>136</sup>. Krauch's most important advisors came from "his" company, according to Bütefisch (advisor for synthetic gasoline), Ambros (Advisor for Buna), VVurster (Advisor for Sulfuric acid), cutter (nitrogen production) and Ritter, who, together with Krauch, designed the chemical plans for the four-year plan.

vVen the outstanding personnel influence of the IG and Due to their monopoly-like position in the production of synthetic gasoline, Buna, plastics and chemical intermediate products for the ammunition industry, planning decisions and execution were effectively standardized, so that on one The sub-area of the state apparatus and private industry were no longer distinguishable. Both interests ran so completely parallel that the later production minister Albert Speer from the "nationalized IG". He would have more correctly spoken of "privatized economic policy".

The rise of IG Farben did not mean a strengthening of the position of the entire German industry. On the one hand, rearmament and the four-year plan promoted concentration within the industry, so that for example, smaller chemical companies Industry barely more one autonomous Company policy operate could-

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<sup>135</sup> Affidavit from Dr. Adolf Müller (earlier Employees from herb), Defense documents book I for Carl Krauch, Doc. Krauch No. 67 and affidavit Explanation from Ministerial council Dr. Max Kugler, earlier Director the Department oils and Fats in the RWM, Doc. NI-9945.

<sup>138</sup> Statement Hagert, clerk the Mob Department in the Economic group Chemical Industry, Doc. NI- 10055.

th <sup>137</sup>. On the other hand, the interests of the individual branches of industry diverged further and further after 1936, so that the one-sided privileging of individual sectors by the state economic policy (this also included the large corporations in the electrical industry and aircraft construction) broke up the industrial coalition that existed in 1933/35 let. The strenght position individual Corporations became with the Under order greater areas the Industry under the National Socialist ones Party apparatus paid. First after 1940, under Dead and Spear, became the again corrected because both tried successfully to establish self-government in the interest of increasing production figures the Industry to reactivate.

Since the summer of 1938, the weight of party representatives within the Four-Year Plan organization has been increasing back. At the same time could Goering to formally highest position in economic policy that was now questioned neither by the military economic staff of the OKW, the HWA nor by the economic bureaucracy. The Wehrmacht staff in particular was in the apparatus dominated by large-scale industry The Reich Office created an opponent who severely restricted their activities. In contrast, only two years earlier, Göring, supported by parts of the party and individual branches of industry, had struggled to assert his claim to leadership against powerful ones Industrial factions around Schacht and the military economic staff have to enforce. However, once he had the power, he did not take full advantage of it. As with his many other positions, the "decorative element" alone soon seemed desirable to him, according to some He left it to "impulsive approaches". transferred to him Tasks itself himself and with it one "paralyzing Disorder". <sup>138</sup>

#### *4. The military economics New Generation plan*

The military economics New generation plan - what for? the The terms Karinhall Plan, Krauch Plan and Chemical Production Plan were used - already left in his naming Recognize defense objectives. It essentially consisted of two parts: the plans for powder, explosives and warfare materials and their preliminary products, which are summarized in their own sub-plans goods, and the planning for light metals (aluminum and magnesium), mineral oil and Rubber.

The plans of In 1937, an estimated normal demand was assumed. In the contrast in addition resulted itself the Goals of military economics produce

<sup>137</sup> Typical of this is an anonymous letter to Hitler (Doc. NI-2879), the contents of which are summarized in an attached file note as follows: "Due to the pseudo-official position of the Reichsamt have the IG itself the connection to all others Command posts created and occupied in their own way. All still independent circles of chemistry should be forced into the web of dependency in some form. A widespread bitterness the affected be an economic leader the Consequence."

<sup>138</sup> See *Joachim C. Fest*, *The Face of the Third Reich*, Frankfurt/Main 1965, p. 112. *Schwerin von Krosigk, Lutz Graf v.*, *It happened in Germany. Images of humanity in our century.* Tübingen-Stuttgart 1951, p. 228.

tion plans directly from the Wehrmacht's mob plans, which were based on the period 1943/44. The final goals of the WNE therefore referred to the year 1942/43, so that the timing of military and economic mob readiness seemed more or less guaranteed. This temporal shift Planning became in the internal Circle of Military Economic Staff of OKW already beginning 1937 considered <sup>139</sup>, but at the time not pursued further, there otherwise from At the beginning of the four-year plan ad would have been led to absurdity. Hitler soon appears to have no illusions in this regard either have. In one conversation with Himmler in the Years 1937 estimated he six Years for the economic one

mob readiness, went with it so from the conversion of four-year plan in a Six-year plan from <sup>140</sup>. Regardless whose became still 1 ¼ Years at the Four-year plans recorded; This may be due to the ambition of Göring and his departments, the original ones with huge propaganda expenditure "built" plan to carry out.

According to the new plan <sup>141</sup>, the total capacity for mineral oils was to be 13.83 by 1942/43 mill. to be increased. The Division according to Of the various types, the greatest increase was in aviation fuel, which is also an indication of the purely armaments economy Intention. For 1940 lay the Target at a total of 5.3 million tons, so it did not exceed the overall plans for 1937. This Planning aimed before everything on the capacities and not on

Table 9

## The Mineral oil planning of Karinhall Planes

mineral oil	planning WNE (1942/43) mill. yeah		planning 31. 12. 37 (1940) mill. yeah	increase WNE (Mob) ./. 1937 in%
	Mob- Require ment	Normal- requireme nt		
Aviation fuel	3.0	0.45	0.35	760
Car gasoline	4.0	3.2	2.5	60
diesel oil	2.0	1.9	1.53	30
heating oil	4.0	1.0	0.94	325
lubricating oil	0.83	0.65	0.55	51
In total	13.83	7.2	5.87	136

<sup>139</sup> On one Meeting with the department heads of Military Economic Staff at the On February 1, 1937(!), General Thomas mentioned that the four-year plan was... around 50 %- ie by 2 years - stretched must be. On this BA Wehrwirtschaft-Armour, **Wi** IF 5/1196.

<sup>140</sup> This conversation mentions General Thomas at the department head meeting of defense economic staff at the February 8, 1937. BA Military Economy Armor **Wi** IF 5/1196.

<sup>141</sup> The WNE from the 12. July 1938 is contain in Doc. NI-8800, Doc. EC-282 and NI-7471 (= BA Military Economy Armor **Wi** I F 5/3579); There is also a breakdown according to years in B.A Reich Ministry of Economics RWM/23/7.

the actual production. However, it was not planned to use the mob's full capacity to build, rather man satisfied itself with one Expansion target of 10.7 mill. to. The gap from 3.1 mill. to should through appropriate Stockpiling getting closed. To implement the new mineral oil plan, 110,000 to monthly Steel, rolling and Casting weight estimated; until now you had with 60 000 tons is enough.

The Final destination for *Buna* was up 120000 yeah fixed, compared to 96 000 in the overall planning from May 1937 and the last plan of 70,000 tons per year should be from autumn 1939 with the construction of Buna plant III in Fürstenberg will be started after this project in the May June 1938 initially deferred had been. The previous steel quota of 11 000 moto was not increased. The new target for *aluminum* was 273,000 per year (1937: 220,000). The plan was to continue the previous expansion and increase the additional capacity by expanding Töging and Bitterfeld and building a new 15 000 a year to win. For magnesium, the new plan saw an increase of 10,000 tons per year to 36 compared to the 1937 projection 000 per year. This additional generation should replace the 15000 yes aluminum in the Wehrmacht make possible.

A comparison of the capacities available in 1938 and the goals of the generation plan shows the problems facing the new one The general representative saw <sup>142</sup> :

Table 10

Targets of Karinhall Planes

sector	capacity 1938	Target after WNE	increase in %
mineral oil	2.4 mill. yeah	13.8 mill. yeah	475
rubber	5000 “	120000 “	2300
aluminum	170000 “	270000 “	60
magnesium	18 000 “	36 000 “	100

This sectors were already most important component the previous plans been. With the Inclusion the shooting and Explosives disappeared the Character of a mere Raw- and Substitute plan. The for this areas so far responsible The Army Weapons Office lost its planning skills and was up the Financing and the practical ones Construction limited.

Out of dem first from the Military Economic Staff stimulated Ammunition plan from the 10. Three weeks later, on June 12, 1938, the so-called accelerated plan was developed on Göring's initiative, which was then published on June 12th. July 1938 in the new military production plan was acquired. The Powder- and Explosive planning should until mid-1941, the weapon plan until Early 1942 Fulfills be. A comparison of the planned figures with the existing ones Capacities again illustrate this ambitious goal :

<sup>142</sup> Doc. EC- 282.

Tabelle 11

## Powder- and Explosives plans

product	Goal - Accelerated plan (1000 moto)	capacity 1938 (1000 moto)	Planned increase in%
explosive	17.1	5.4	213
powder	18.1	5.0	261
Combatants	9.3	0.92	900

VVegen the Sudeten crisis became the plan already at the 13. August 1938 for the "Quick plan" expanded <sup>143</sup>. Although yes in the "accelerated plan" the After the "maximum possibility of increase" had been seen, the Wehrmacht units increased their planned targets again, so that the final capacity for powder was to be increased by a further 9%. But more important was one very significant increase in Expansion tempos of facilities that should make it possible to achieve the objectives of the original plan on average above a year earlier to reach. This Quick plan stayed The basis for expansion until the outbreak of war. He was born after the war began, on the 15th. 10th and 1st 11. 1939, replaced by the Mob Supplemental Plan, which then took its place in December 1939 the so-called Orange Plan came into effect, whose Target figures Hitler personally set <sup>144</sup>. In the course of of year 1940 became also the Orange plan was revised upwards several times and by the Minister for Armaments and L\munition, Fritz Todt, who was appointed in 1940, the focus was on expanding powder and explosives capacities concentrated ("leader's decision" plan). The successful conclusion of the western campaign then led to a reduction in the expansion goals, as the Union consumption was lower than originally assumed. Only after the opening of the war against them Soviet Union and the military setbacks in the winter of 1941, a complete revision of the ammunition planning took place in 1942 .

In summary it can be said: The introduction of the WNE plan meant the End of original four-year plan. New Key year for the Planning began in 1942/43; the earlier target year (1940) had little significance. With the planning an attempt was made to have one concentrated effort to reach readiness for mobilization as quickly as possible. This directly affects the defense industry orientation, the Limitation to a few products and inclusion the shooting and Explosives clearly distinguish the new plan from the previous, relatively broad-based nutritional, Raw- and Basic materials plan away. With dem vVNE plan became also The principle of private-sector financing of new systems has officially been abandoned because it is solely for the shooting and Explosive systems monthly around 40-50 million RM

<sup>143</sup> Doc. NI-7+73, S. 15ff.

<sup>144</sup> For this B.A EAP 66-c-1Z-6Z/14; Doc. NI- 7835.

the Wehrmacht budget should be provided <sup>145</sup>. The total amount of projected investments corresponded to the dimensions of the original four-year plan. For the Petroleum sector 5.8 billion RM were earmarked for by 1942 90,000 workers (for construction and assembly) were planned for the implementation of the overall plan as early as 1939. The war economy in peacetime seemed to have finally been realized with the military production plan to become.

### *5. The Planning from the February 1939 <sup>146</sup>*

This also meant for the sectors not covered by the Karinhall Plan Summer crisis 1938 the End the original Planning. In the February 1939 They were replaced by heavily modified ones Plans of the Reich Office for Economic expansion. The textile raw materials, which apparently had too little military economic importance, were missing and at whose expansion had already been relatively successful. This also corresponded to the trend towards ever greater restrictions on the consumer goods sector, which made it seem appropriate to no longer focus on textile products the Planning close.

Analogous related to the Karinhall plan the plans mostly in time on the years 1939-1942; just like before there were so in the Rule "Four" Year Plans. With some products (iron ore, Iron, Steel, coal) went man however only from a two-year period (1939/40). Despite certain formal similarities the plans are much less precise than the previous ones; They no longer included as much plan data because the previous detailed plans had mostly proven to be unusable. Information about the planned investments is either completely missing or has only been provided in general terms for the individual sector - without breakdown by year or company - listed. The previous plans were quantities and investment plans, this later essentially only nor quantity plans.

The following table provides a comparison of the plan goals for some products 1942 and 1940 with the earlier plan goals from May 1937 shows the planning trend.

From copper and iron ore apart from, took place strength Revisions after above. That applies also for others - not here listed - chemical Raw materials and mining products, such as sulfur, plastics important for armaments and nitric acid. For coal, a real expansion of capacity was only now sought after production had been able to grow into the existing capacities by 1937. In 1939 alone, double that amount of 460 million RM was to be invested, What before the for the entire Planning period of four years pre-

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<sup>145</sup> Draft from the 20/21 4. 1939 for the Work report of GBchem before dem General Council,  
Doc. EC- 282.

<sup>148</sup> For this B.A military economy armor, Wi I F 5/3576, Subject collection EAP 66-c-12-62 /  
43; EAP 66-L/6; EAP 66- L/7.

Tabelle 12

Plan figures selected Products from the 1. 2. 1939  
and 27. 5. 1937 (in 1000 yeah)

subject area	1. 2. 1939	May 27, 1937	Changes in%
zinc ore	222	206	+ 8th
lead ore	111	82	+36
copper ore	35	42	- 16
soda	1995	1400	+42
sulfuric acid	2447	2044	+20
Iron ore	7056	7045 <sup>1</sup>	+ 0.5
Hard coal	213000	178000	+19
Brown coal	240500	195500	+23

<sup>1</sup> including Austria, Old empire: 5 549.4.

see was. Despite this Changes were the individual plans not unrealistic, as the target year was pushed back to 1942 and a greater concentration on fewer sectors took place.

#### 6. The military economics Generation plan until outbreak of war

In view of the existing bottlenecks (on the labor market, in iron, steel and one Variety from raw materials). the Main problem for the newly appointed general representative to ensure sufficient raw material quotas and production capacities. After the Karin hall plan in the summer of 1938 with Since it had been equipped with the utmost urgency, with equal status to the West Wall and the Wehrmacht units, this initially seemed possible. The factories that produced the economic new production plan for the Wehrmacht were freed from the withdrawal of workers by the vVestwall construction and the rapid plan was given Wehrmacht order numbers, as follows that him to everyone civil consumers at the Iron allocation priority owned <sup>147</sup>. The GBchem. developed a instant program, that with mineral oil a new capacity of 2 Mill. jato provided. This immediate program, also called the 1st expansion stage, required, according to GBchem's calculations. Office 120000 moto Steel, the away second quarter 1939 was requested <sup>148</sup>. For the Quick plan appreciated man the Steel requirements until for the end of year 1939 to a total of 137,000 tons. The demands for 1938 were aimed at an average monthly Requirement from 45,000 tons away, so that for and for the

<sup>147</sup> Reports about progress of the works on the subject areas of the new production plan for the military economy for the period August 1st - 15th. 8th. 1938 and from August 15th to January 1st 9. 1938, Doc. NI-8791. (Following up quoted as: Report from ... )

<sup>148</sup> report from the 1. 11th-31st 12. 1938, Doc. NI- 8791.



new mineral oil plan 165,000 moto or 9% of total German steel production should be claimed <sup>149</sup>. In contrast, had the Total quota of the Office for German Raw Materials and Materials and the Reich Office for Economic Development from mid-1937 to mid-1938 averaged just under 130,000 moto .

Soon showed itself, that it in contrast to the quick Development in the first It was not possible for weeks to carry out such large-scale and far-reaching planning realize if not one reduction or stretching of investment program took place in other economic sectors. The estimated annual investments of the Karinhall plan should be at least 2 billion RM annually, which corresponded to the total investments of German industry in 1936. At the same time, during this time a strength enlargement the Export capacities required the Transport investments in 1938 increased by 40% compared to the previous year to 3.86 billion RM increased and the West Wall project and the armament of the Wehrmacht parts were accelerated. This exceeded the requirements once again the possibilities.

The difficulties appeared first up the petroleum sector. In addition to general economic ones bottlenecks Göring's decision was responsible for this, end 1938 the

Aviation fuel production on "High performance aviation fuel" to put <sup>150</sup>. The meant the Construction newer Complementary industries and a one-sided shift of the Expansion focus on aviation fuel, but with that also the modification the WNE planning from summer 1938. Add came, that the industry was not prepared to finance the new systems itself. As a result, the structure the Hydrogenation plants

Pölitz, Wesseling and North Star already in September Endangered in 1938. Krauch demanded therefore a financing and Guarantee of profitability responsible Departments. The Ministry of Finance refused to however, the requested Medium to provide, and the Ministry of Economic Affairs merely attempted the industry to Self-financing to stimulate <sup>151</sup>. Finally came it to the following Compromise : The Ministry of Finance made preliminary financing commitments, the short-term bonds of companies should through later long term Bonds are consolidated. For the extension of Mineral oil works could so some Corporate sponsor found become.

The Reich budget for 1939 provided 70 million RM (from 132 Mill. RM necessary means) willing to act as trustee founded Petroleum construction GmbH managed became. This State company invested 70 mill. RM for the Extension of aspen grove and 30 million RM for that in Sudetenland intended hydrogenation plant Brux <sup>152</sup>. 1939 was the "Bruxer fuel AG." of the Reich works accepted, those in early summer the same year with one capital from 200 mill. RM the

expansion be gannen. Rich means were also for the Construction of hydrogenation plant sheet metal hammer in Upper Silesia planned. From dem estimated Financial needs from 120 mill. RM

<sup>149</sup> B.A Military economy armament, Wi I F 5/3592.

<sup>150</sup> To the details *birch field*, Fuel, a. a. O., S. 123ff. m Report from 1. 10th-31st 10. 1938, doc. NI-8791.

<sup>152</sup> Reports from the 16. 2nd-31st 5. 1939, Doc. NI- 8791.

should the Upper Silesian coal industry 75 million (with interest guarantee from the Reich), the Reich raised 45 million RM. Despite solving the financing problem, the expansion continued however postponed due to lack of steel <sup>153</sup>.

In addition to the funds from the general Reich budget, public money was also available from the budgets of the Wehrmacht parts, even if these were also used for four-year plan works very were reserved, there itself the Wehrmacht before focused primarily on direct armament. An example of this is the financing of the company's Welheim heating oil plant Stinnes, the - albeit after a long hesitation - from the marine than that to it interested Wehrmacht part worn became <sup>154</sup>. The principle of private sector financing has always been this way more in favor of the state financing broken through. In the The time of the WNE plan increased tendency, the Investment activity in the four-year plan industries to the public to do task.

Securing financing in no way means a guarantee that the deadline will be met Realization the Expansion plans. The Management more important They had raw materials The function of money to realize claims on the national product is severely restricted. The official allocation certificate for the required raw materials was hardly less important than money; only he made it possible dem Entrepreneur, money in purchasing power demand on the construction- and capital goods sector to convert. Despite the original high priority of the Karin hall Plan in the allocation of raw materials, projects of the Wehrmacht units were repeatedly brought forward. In late 1938, exports were temporarily given top priority; since January 1939, the large ship orders ordered by Hitler had the greatest impact. and V-Boot program the marine for the Expansion pace the Four-year plan works restrictively from <sup>155</sup>.

In each Work report of GBchem. becomes the Shortage at Steel, Cement, Lumber and skilled workers highlighted. The development of the available iron proves that it itself here not to bare Purpose pessimism acted. According to the calculations made in July 1938, the production plan was implemented on time (without Quick plan for powder etc.) monthly 114 500 to necessary. After Revision the plans after rose above also the Plan requirements for iron accordingly to **1 56**. Alone for the Mineral oil expansion had Krauch 120 000 moto steel requested; in the 4th quarter 1938 were instead the allocations shortened, so that only a quarter of this amount is given to the GBchem. could be delivered. Only after Krauch in two Memorandums at the end of 1938 on the Consequences - Failure to comply with the plans - pointed out, decided Goering, that dem GBchem. the requested 120 000

<sup>153</sup> report from the 1. 6th-15th 8th. 1939, Doc. NI- 8791.

<sup>154</sup> Hienu minutes of the meeting of April 24, 1939, regarding the interim financing of the Welheim facility, from the May 2, 1939, B.A military economy armor, Wi I F 5/380.

<sup>155</sup> Report from April 1st to 31st 5. 1939; *Thamas*, Wehrwirtschaftsgeschichte, p. 132. Afterwards he informed Hitler on the 27th. 1. 1939 the Instructions that naval orders had absolute priority .

<sup>156</sup> "Necessary quantities of material for the implementation of the new military production plan of July 12, 1938", Doc. NI-8791, p. 34.

moto should be made available for the fuel sector (at the expense of the planning areas of the Reich Office for Economic Development). However, a postponement of the quota allocation to the 3rd quarter of 1939 could not be avoided, so that in 1939 several projects (Blechhammer, Frankenthal and Tangermünde) were delayed or completely postponed dropped had to be. The actual Iron usage for the mineral oil, Buna and light metal plants was due to the cuts from summer 1938 to autumn 1939 in monthly Average 89300 to, so only two thirds of what, according to Krauch's (possibly generously calculated) information, would have been necessary for the construction of the mineral oil works alone!<sup>151</sup>.

Even more impaired the lack of raw materials the quick plan. The quota numbers originally approved for this purpose the Wehrmacht, the which were supposed to ensure priority delivery, were soon withdrawn. Consequently let itself the plan until Start of war only to 50% fulfill, and the Production program got into trouble around many Months into the Behind <sup>158</sup>. The for the raw material

The Wehrmacht offices responsible for supplying the rapid plan argued that one full delivery of the Given the limited capacity of the ammunition processing industry, the rapid plan was not necessary. If this was actually the case, then the rapid plan until the start of the war was a typical example of a lack of coordination with the complementary sectors, the very clearly the Shows weaknesses in partial planning.

The difficulties described the implementation of the The result of the industrialization program was that at the beginning of the war, despite considerable individual successes, there was still foreign dependence for raw materials, amounting to around a third of the current value needs corresponded. Between the individual raw materials included big differences. Was the Supply situation at some Non-ferrous metals such as Lead and zinc with With a coverage ratio of two thirds to three quarters relatively cheap, on the other hand, in important planning areas (mineral oil, rubber) one was still a long way from self-sufficiency. Although, for example, the production of synthetic mineral oil is between 1936 and 1939 - dem Year, in dem the first Four-year plan

Investments impacted - around 130% gone up was, could the hydrogenation oils 1939 only 18% of consumption cover <sup>159</sup>.

The Situation in the petroleum sector makes a general problem of the four-year plan clearly. The factories needed longer Construction times and more thorough Preparation so that her Production effect only noticeable after years became. The short term the Planning reflected in contrast to very the impatience the Planners who push the boundaries of technology and economically possible only too easily overlooked. The Variety public assignments would have clear preferences necessary made.

<sup>157</sup> "Development of total stake", Lineup for the Time from 1937-1940 (R.WA 1941 ?), CASH. 26/EAP 66-c-12-62/44.

<sup>158</sup> Reports from the 1. 10th-31st 12. 1938 and from the 1. 6th-15th 8th. 1939, Doc. NI- 8791.

<sup>169</sup> Thomas, military economic history, S. 146; *F castle of peace*, The German Raw- and fuel question 1939-1940, Wi IF 5/2199 and *Birkenfeld*, fuel, aa 0., p. 225.

There were attempts at this, but they were repeatedly destroyed by Hitler's and Göring's erratic decisions and the Wehrmacht's rapidly changing plans. Ultimately, it wasn't just a problem of people, as incorrect estimates were made in the partial planning method, in which the unplanned areas inevitably a huge Uncertainty factor represented, barely were avoidable. They represented the price for the greater elasticity compared to partial planning more comprehensive Distinguish economic planning.

At Start of war were located itself the most Four-year plan projects still under construction, and a more crucial pulse for the Raw material supply could first expected after one or two years. The pessimistic forecast of the defense economic staff said for this reason, that the Raw material- and Nutritional situation only a short War allow <sup>160</sup>. Compared with the Objective of That would be the four-year plan the regime is quite unsatisfactory been the result. The However, the actual course of the war in the first period showed that the need for raw materials was lower than originally calculated and that supplies were therefore better than feared designed.

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<sup>160</sup> *Thomas*, military economic history, p. 147f.

### III. THE FOUR YEAR PLAN WHILE OF WAR

It begins with the outbreak of war third phase of the four-year plan. It lasted until 194g, until Speer was appointed Minister for Arms and Ammunition and the establishment of the central Planning. After that, nothing more remained of the four-year plan than the name. First, however, the representative for the four-year plan was given additional tasks and powers that increased his importance for the German economy for short Time even increased. In these Period the last ones fell Disputes of the commissioner with other economic policy Instances. The organs of the four-year plan were aimed entirely at the war economy needs, firstly by further concentrating on the areas of activity of WNE Planes in the Inland, on the other hand through the expansion of their activity abroad. The shift in material responsibility and effectiveness took place included hand in hand with institutional Changes.

#### *1. Development to war economy Command center*

The Göring's rise to become the leading man in German economic policy has already been outlined. This leadership position could but only in the consistently enforced in the civilian sector become. The army had in the second period of Four-year plan indeed considerable loss of power on the area of Economy suffered, you but stayed in the The arms industry is a large separate area of planning and activity. Practical economic policy: continued to compete with organs of the GEW and the V\Tehrmacht helped shape it because Göring used his power not to one concentration the Decision-making authority used. In addition, it would have been difficult for him to realize his claim to leadership in the armaments industry because of the Wehrmacht units and the military economic staff jealous above her in the Reich Defense Act fixed right woke up. Dem came in contrast to, that Goering the independence the air force more important was than the position of the four-year plan representative, so that often the The impression arose that its economic policy functions were only an instrument to give its defense a privileged part position to accomplish.

The beginning of war used Goering in addition, the ratio of GBW and Four Year Plan, the despite Organizational reform at least on the lower level remained unresolved was, in his sense to clean up. In one Decree from the 7. In December 1939 he determined in his capacity as Chairman of the Council of Ministers for Reich Defense and Representative for the four-year plan:

"The need, everyone forces on a longer lasting one War leads me to bring about further standardization in the direction of economic policy. The coexistence of the four-year plan and the GBW is to be eliminated by the order of GBW on the affairs of the Reich Ministry of Economics and the Reichsbank limited becomes.

In order to ensure the necessary ongoing cooperation between all departments involved, the General Council for the Four-Year Plan, which has already been introduced in the narrower area of responsibility of the Four-Year Plan expanded... The Chairmanship of the General Council take over I. In State Secretary Körner leads him on my behalf.

Task of the General Council for the Four-year plan is the ongoing Coordination of the work of the individual departments as well as the receipt and discussion of reports on the status of the work in the individual departments, including the initiation the necessary measures.

In the remaining lead the Departments of Representatives for the Their four-year plan businesses in the previous "Vise further. regulations, the after dem Reich defense law the GBW or in the agreement with dem GBW to have been issued, fare in Future because of the Power of attorney of Representatives for the Four year plan or in the agreement with him, so far it itself not around the GBW for the The Reich Ministry of Economics and the Reichsbank act alone. Other responsibilities of the GBW, the ones about the business area of Reich Ministry of Economics and the Reichsbank reach out, will be from in the future the representative for the Four-year plan exercised. The previously existing GBW office will be dissolved.

The Reorganization occurs with dem 12/20 1939 in Power. signed Goering. "IEq

This provision meant the elimination of the general representative for the economy (this has been the official name since September 1938). With the authority to issue instructions to RWM and Reichsbank remained with the GBvV institutions, the her Independence already at the resignation shafts lost had <sup>161</sup>. This summary of the four-year plan and GBW would have been objectively motivated long ago. Göring's previous hesitation was probably due to the fact that he did not want to provoke further resistance from the Wehrmacht staff, who rejected any regulation that did not transfer the powers of the GBvV to themselves. A redistribution of competencies in favor of the military economic staff and Army Weapons Office would again be from Göring's claim not possible been. So had the GBW between the both "Big Ones" continued to exist until 1939 can. First now in December 1939, could Göring the liquidation of GBvV one-sided to his Favor make, there the Four-year plan had meanwhile achieved a political preponderance over the Wehrmacht staff. Added to this was the necessity of war, which led to the coexistence the both Instances impossible made.

The renewed and expanded leadership claim was embodied in the General Council for the Four-year plan. The General Council, originally as Coordination office for the ongoing work of the four-year plan designed in 1937/38 actually the function

<sup>161</sup> Decree in B.A military economy armor, Wi I F 5/2151.

<sup>162</sup> It is precisely this dependence of the RWM from Representative for the Four-year plan it explains that it was formally awarded a number of tasks in the field of military economics over which it had previously had no influence. Further information on the formal powers of the RWM finds itself at *Frederick Facius*, Business and Country, Boppard/Rhine 1959, S. 164ff.

of the initially planned Council of Ministers, to be a discussion forum and advisory body for fundamental questions, accepted, was then but during the year 1939 increasingly insignificant become. With Göring's decree it seemed as if a real coordination leadership had now been created. There were representatives on the General Council all instances, the with economic questions to do had. Of The reactivated General Council was assigned further rights, all of them economic policy necessary Measures the individual Departments to cause. This presupposed that all economic policy authorities, including the four-year plan bodies the Authority to give instructions of General Council subjected became.

The in the December 1939 initiated organizational reforms seduced representatives of the Four Year Plan bureaucracy into this, in the General Council and the administrative headquarters of four-year plan already one "Reich Economic Chancellery" to see, the as

"Command post" the steering all economic processes are incumbent. In fact, not much changed. The General Council did try to achieve better coordination of the economic to bring about activities, but both Within the Four Year Plan bureaucracy as well as in the Wehrmacht's economic staff, it became clear that no one wanted to give up their powers in favor of the General Council. The choices in the defense industry continued to hit the Wehrmacht (or the Ministry of Ammunition), and even the four-year plan remained a juxtaposition of business groups and representatives because it was not possible to effectively bring together the particular power and material interests. "Clear command authority and tightest authoritarian Steering" stayed not much more as martial sayings National Socialist Leader, the the Director of The military economic staff commented sarcastically as follows: "One can only fully and generally agree with these demands. Unfortunately, there is hardly any difference of opinion among all initiated people as to whether these prerequisites are to be fulfilled the reorganization the Economic management is successful Foundation not created... What has not changed is that the powers given to the general are likely to cause confusion again and again, that we continue to go around in circles, that self-deception is practiced, and that irresponsible advisors influence decisions can ... " <sup>163</sup>.

The second, ultimately more important .The change in the organizational structure of the German economic administration resulted from the founding of the Ministry of Ammunition. On 17. In March 1940, Hitler appointed the general representative for the construction industry, Fritz Todt, for Minister of Armaments and Ammunition. This new institution was to result in an actual change in the power structure with considerable consequences result.

The factual one Occasion for the Construction one own ammunition ministry was the necessary rationalization and increase the Ammunition Manufacturing, <sup>164th</sup> there it

<sup>163</sup> memorandum Thomas "Headquarters war economy Guide" from the March 1940, BA Defense Economics-Armament, Wi IF 5/2151, p. 11 f.

<sup>164</sup> Please refer *A.S. Milward*, *The German War economy 1939-1945*, Stuttgart 1966, S. 53ff. and *Thomas*, *Military economic history*, p. 199ff.

the W Honorary staff, especially the Army Weapons Office, had failed to expand capacities as much as possible it would have met war needs. This was for Partly due to the lack of coordination by GBchem., Military Economic Staff and Army Weapons Office, a consequence of the since Summer 1938 there is a diversity of skills in the ammunition sector. Hitler's demand at the start of the war To increase ammunition output, the Necessity, the consumption of the very scarce copper in to reduce the burden on the armaments industries of the parts of the Wehrmacht, which have so far been all too generous in making new demands on distributors had directed.

Based on his previous work, the military economic staff expected that Göring would assign him this function. On the 18th 11. 1939 General agreed Thomas and general v. Hanneken on it, Goering "the Education to propose an armaments office with a command staff working directly under him gene " <sup>165</sup>. However, the willingness to cooperate was only a reaction to the fact that Hitler had already entertained the idea of appointing a special Minister of Ammunition had launched. Through the Through formal subordination to Göring, the military economic staff hoped to be able to maintain and even expand its influence on war economic decisions, especially the control of the armaments industry, and to forestall the formation of a new institution. From the thing seemed to have considerable advantages over one to offer a "civilian" solution, since the OKVV had a well-functioning substructure that, when summarizing the Powers as an executive body could serve.

Hitler and Goering let itself out of different motives not on the OKW's proposal. Goering was not interested in the position of the army stabilize, after he for years - with different Success - his disempowerment operated had. Be The aim was it the economic powers of the OKW on his Departments to transmitted, around with it also the Key position in the in the War central Defense industry to gain. After his Appointment to Chairman of Council of Ministers for the Imperial defense had he that is the right of OKW on dem Area the armor at the September 4, 1939 confirm must. The previous Rights to give instructions of OKVV as more in charge instance of Reich defense committee opposite the civil Departments were however significantly limited been. Hitler on his part held in principle few from the ability of Wehrmacht on economic Area, demanded whose restriction on the military Warfare and opted for his personal confidants, Fritz Todt, the already previously with high Special orders Mistake been was (highways, Westwall construction). Goering and Hitler rails regarding the "Solution Todt" agreed, especially the new Minister of Ammunition as General representative for Armament and ammunition the representative for the Four-year plan assumed be should. A lot indicates however on it there, that Todt from Hitler not only against the will of the generality, rather also Göring's appointed became, especially the Order at Dead too one certain control the air force meant. Already several weeks before

<sup>185</sup> memorandum Thomas "Headquarters war economy Guide", aa 0.



Todt had to carry out his appointment of a special order started in the field of metal supply and has its own, from the Office of completely independent of the four-year plan Rod inserted. With that she had Four-year plan bureaucracy for the first time part of the acquired skills in the raw materials sector relinquish must. Considered this way, was the appointment Todts is not a victory for Göring over the Wehrmacht staff, but a defeat for the Wehrmacht *and* the commissioner for the four-year plan, the in the Connection with the weakening of the Göringian position in the National Socialist hierarchy since 1939 to see is.

At the moment the Power shift still barely noticeable, there the Expansion of new Ministry first later started. Dead remained first only the The army's ammunition production, while the navy and air force were not affected in their direct relationships with the armaments industry. As late as November 1940, Göring was able to ensure that the Minister of Ammunition was limited to the final production of ammunition, so that Todt initially had little real authority <sup>166</sup>. The development of the Ministry in the first year shows, that Hitler was involved with the creation of a new institution without clearly clarifying its rights. The given demarcation could however will not last, since Todt, the Wehrmacht staff and organs of the four-year plan are now at the same time on the Armament industry impacted. One open confrontation but became first avoided, there itself Dead at least 1940 still intensive dedicated to his other functions and also tried to create a tolerable coexistence between his ministry and the military economics and armaments office through compromise. The fact that Todt used the Armaments Office to exercise his ministerial powers also suggested reticence. Todt's reforms in the field of armaments industry, which stood in sharp contrast to the army's method of bureaucratic control of the production process, had to be implemented However, latent competition between institutions becomes acute, as soon as the ammunition minister insists on strict respect for his "leader's order" throbbed <sup>167</sup>. The was fewer under Dead as under Spear the case.

Characteristic for the institutional Development until 1941 was anyway, that the attempt of centralization the Decision-making powers failed. The from of industry <sup>168</sup> and the summary required by the OKW failed due to ambition and the assertion of power the individual institutions that wanted to become the central authority themselves if possible. Consequently, there was no real economic policy command center in 1940/41 How previously. Clearly became however, that despite

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<sup>166</sup> file note of military economics and Armaments Office (General Thomas) from 8. 11. 1940, BA Defense Economy-Armaments, Wi IF 5/2151.

<sup>167</sup> For this *Wed/ward*, The German war economy, a. a. O., S. 53 ff.

<sup>168</sup> memorandum *Thomas*, "Central War Economic Leadership" March 1940, Wi IF 5/2151 p. 5 ff. Quotes from influential industrialists (Poensgen, Privy Councilor Books, Waibl) brought, which has a unified command demanded.

General Council and elimination of the general representative for the economy the influence of four-year plan, who is closely related to the person Göring and his Position in the party and Country was linked, to began to decline and with the reform-minded Minister of Ammunition a Government office was created, the one day the was able to gloss over the entire four-year plan bureaucracy. The resulted also results from the changed economic tasks of war, the institution, the the order once to *Preparation* of the war, inevitably had to make it less important.

On the War economy administration <sup>169</sup> had organs of four-year plan no longer have any influence, if one disregards the Reichsko=issar for price formation with his limited field of activity. It was only It was a formality that, after the outbreak of war, Göring transferred the coordination of the various war economic administration authorities to the "economic management staff", which consisted of the heads of the individual departments. They were supposed to take on a similar role at the middle administrative level as the General Council for the top authorities; de facto had the Four-year plan with it but nothing more to do.

## 2. New Tasks

When Hitler declared the exploitation of defeated peoples to be the maxim of occupation policy after the military victory over Poland, growth a new task for the four-year plan: The economic use of occupied territories in the interest the German war economy. The four-year plan was ideal for this thanks to its special legal nature and organizational structure downright on, especially since Hitler sought to get the Wehrmacht out of the occupation administration in favor of it "civilian" (party) authorities - for which his dislike of conventional bureaucracies in general and the non-military activities of the Wehrmacht in particular were decisive. His previous status as a special authority within the leader's state spoke in favor of the four-year plan. The associated adaptability and elasticity predestined him for economic policy Special orders because, unlike the administration, which was characterized by rigid hierarchies and instances, he was able to make use of all state and party authorities without simultaneously being in the the same Scope of their bureaucratic Having to accept friction losses. Therefore, before 1939, the four-year plan had already been entrusted with special tasks (such as the collection of old materials) that were aimed at using its state and party's comprehensive competence to mobilize hitherto unused economic reserves. It could now become the regime's most important instrument of exploitation until 1942.

In the Treatment the individual Countries gave it after 1939 weighty Under divorce. Generally leaves itself say, that the Occupation practice in West- and North

<sup>169</sup> details in the regulation above the Economic administration from the 27. August 1939, RGBl 1939, I, P. 1495.

Europe corresponded more closely to traditional laws of war and occupation than those in southeastern Europe, before everything but in the east (Poland, Soviet Union), the in the became the field of application of Hitler's ethnic-racial theories to a particular extent. The difference has shown also in the each operated Economic policy. While in France or Belgium, Scandinavia or that Netherlands the effort stronger on restoration the economic Capacities, on "Normalization" of the economy - albeit taking into account the specific German interests - was directed, one did Poland and Soviet Union to the subject more directly more economical Exploitation, the one systematic reconstruction consciously excluded. In the following should some stations this Politics, as far as it goes with that Four-year plan in Connection stood, sketched become. We restrict us there on this both main examples, there at them model-wise and The specifics of the National Socialist plunder policy are much more visible than in the West.

The first stage of the four-year plan's spillover into occupation policy the facility the Main trust office East in the occupied Poland. The one intended for her Scope of tasks outlined Göring on October 19th 1939:

"Around the areas, in particular the to the German Empire the goal pursued by the leader To best serve it must out of Polish ownership of land, movable objects and rights to be taken over by the Reich should be looked after and managed uniformly. For this purpose, I have set up a main trust office in the East, which reports to me personally and carries out the following tasks to fulfill has:

- (1) Capture of assets of Polish state,
- (2) regulation of Money- and credit system,
- (3) Measures to transfer economic management to the individual administrative areas ,
- (4) confrontation with foreign creditors ... ".<sup>170</sup>

To the leader of new Four-year plan organ ordered Goering at the November 1, 1939 previous mayor von Graudenz, Max Winkler, who after 1933 in Order of the Ministry of Propaganda as buyer more private Publishers (and a. of Ullstein Verlag). Party had provided valuable help <sup>171</sup>. Even before Winkler comes along the practical one Work began, his mission became through intervention Himmler's limited. The capture, confiscation and Management of the agricultural assets stayed

Himmler as dem Reich Commissioner for the consolidation German ethnicity Reserved, the with Help his Land Offices racial and completely political Maxims at the sale and the Repopulation agricultural to realize goods searched. Furthermore, it succeeded dem Staff headquarters of Reich commissioner, also influence on the order of trustees for non-agricultural Assets (industrial companies etc.) to win, so that Winkler's office became more and more purely administrative functions have been restricted. The Task the HTO was "the Strengthening of war potential of empire",

<sup>170</sup> Decree Göring's from the 19. 10. 1939, Doc. PS- 1707.

<sup>171</sup> For this Witness literature Dr. hc Max Winkler, archive Institute for Contemporary history, Munich.

where the Interests of four-year plan particularly taken into account become should be <sup>172</sup>. The Practice However, the HTO only did so to a very modest extent, as the new office is more concerned with the procedures of fiduciary administration and Sales of businesses as involved in setting it up. Himself on this yours actual work area she had with her Difficulties to face as German entrepreneurs take over Polish industries different than in West - were relatively reserved. Partially liked that one Consequence deficient attractiveness Polish companies be (the "raisins" of the Heavy industry secured itself in advance the Reichswerke Group!), partly was fine one certain skepticism and There is uncertainty about the final political shape of the former Poland. After all, it is astonishing that of the billions worth of the 200,000 commercial businesses and 230,000 residential properties that were managed by the HTO in the areas incorporated into the Reich, up until mid-1942 only Around 600 million RM were realized and paid to the Reich treasury <sup>173</sup>.

Better than the main trust, the more and more the face a regular state administration and thus became unsuitable for "special operations", Major General Bührmann's office met the demands of the four-year plan. Her The task was to directly record food and raw material reserves and their transfer into the Reich <sup>174</sup>. Yearly became alone up to 750,000 tonnes of bread grain, 500,000 tonnes of potatoes and over 50,000 tonnes of livestock (1942/43) were transported to the Reich, regardless of the fact that the Generalgouvernement had 120 inhabitants per square km had a barely lower population density than the empire, which also had a more highly developed agriculture than the former Poland.

Although especially at the beginning of the German occupation and the The expansion of the four-year plan to Poland completely dominated loot thinking, but later - not least at the insistence of Governor General Frank - the insight that it also makes more economic sense to use the facilities in occupied or an articulated one Area stronger to use, as haphazard and also costly Transfers to Reich to be carried out <sup>174a</sup>. So came it in the General Government again for the Construction

<sup>172</sup> Göring at the meeting on Eastern questions on February 12, 1940, Doc. EC-505, IMT **XXXVI**, Doc. PS-2207, report for the official use above the HTO, January 10, 1940. Informative for the activities of the HTO is, in addition to the Winkler witness literature, the since Ordinance bulletin of the HTO published in 1940. Furthermore, Martin Broszat, Competencies and powers of the main trust office in the East, printed in the report volume II of the Institute for Contemporary History, Stuttgart 1966.

<sup>173</sup> "Results of the four-year plan work. A short report based on the status of spring 1942, processed from the Department of Representatives for the Four-year plan", p. 65, BA Four-Year Plan R. 26/Package 9. See also witness documentation Winkler, aa 0.

m Affidavit Bühler from the September 1945, Doc. PS-2256; Experience report Sepp Müller: Food and Agriculture in the General Government 1939-1945, BA, Eastern Documents 8 GG, No. 6.

17aReport from ministerial director a. D.Dr. Emmerich about the activity the economic administration in the General Government, BA, Eastern documents 15 GG, IXa,b.

smaller arms industries, whose number of employees did not exceed 130,000. The concept of the prevailing in the era of the four-year plan "Loot politics" it explains that the German Industry until beginning 1942 orders of only 350 million RM to the rest of occupied Poland, although the existing capacity was considerable more allowed would have and in contrast in this Time after France (that however very much stronger industrialized was) assignments in Height from 5 billion RM were awarded <sup>75</sup>.

Compared with the Plunder of Poland took the corresponding activity of four-year plan bodies reached gigantic proportions in the Soviet Union. A few days after the German troops invaded, Hitler issued a fundamental decree the sole responsibility of four-year plan for the economic exploitation of the Soviet Union firmly. This one according to could Goering all Measures seize, "The highest possible Exploitation of existing supplies and economic forces in favor of the German war economy "Were necessary". Within this framework, the representative for the four-year plan was authorized to also direct the Wehrmacht departments immediate instructions to be granted <sup>76</sup>.

The preparation for the economic exploitation of the Soviet Union had already begun at the beginning of 1941. To not those Experiences with occupied France repeat, where itself the Wehrmacht more Responsibilities could secure when Hitler and Göring was desired, in February 1941 Göring transferred it to the head of the WiRüAmtes the Construction one new Organization, the first the Code name Oldenburg led and from the later the Economic Management Staff East and the economic staff East should develop. With the nomination of general Thomas as coordinator of the individual institutions corresponded to the Wehrmacht's personnel wishes <sup>177</sup>. A loyal cooperation with the headquarters of the Four Year Plan should through this achieved become, that Secretary of State grains the Head of the business management team took over, who the supreme body of the should be for the entire company.

The East Economic Staff under its boss, General Schubert - officially as the executive body of the management staff intended - formed itself after the start of military operations at the OKH (quartermaster general). In addition to four-year plan and The Eastern Ministry was also his quartermaster represent. Although, according to the organizational structure, the economic staff is the extended arm of the four-year plan should be, it actually acted as an organ of the Wehrmacht As a result, they were even able to regain some of their lost influence in economic administration, the one you through the Introduction of civil administration the occupied territories first got lost. The spatial separation of the Headquarters of four-year plan accelerated additionally the independence

<sup>175</sup> "Results the four-year plan work", aa 0.

<sup>176</sup> Decree of the Führer on the economy in the occupied eastern territories. From June 29, 1941. Printed in: Guidelines for the management of the economy in the newly occupied eastern regions, ed. from the East Economic Management Staff (so-called Green Folder), Part II.

<sup>177</sup> File note from general Thomas above Speech at Goering at the 27. 2. 1941, Doc. NI- 7291.

of the economic staff, so that It developed into a de facto independent authority, whose ties to the command of Göring and Körner soon became limited even more formal nature was.

main goal of economic staff was the Capture from raw materials and food, priority from Mineral oil, Grain and oil fruits. This Objective ruled out a rapid restoration of general production capacity. This was said in the Guidelines of the economic management staff: "It would be completely absurd to believe that it is important to have a uniform line in the occupied territories to represent, that she as soon as possible again in order brought and as much as possible would have to be rebuilt."<sup>177</sup> was interested Göring was only interested in the short-term benefit, which was intended to achieve in the area of raw materials management what had not previously been achieved in the Reich through the four-year plan: wartime economic self-sufficiency.

For the Capture more important "Economic sectors became through a Göring decree of 27. 7. 1941 Monopoly companies founded, whose Task it be should, the respective Russian economic sector in the interest the German to control the war economy. Responsible for the entire coal and Iron industry as well as iron ore mining was the Ostland Berg- und Hüttenwerksgesellschaft mbH, for the textile industry the Ostland Spinnstoff- und Fibergesellschaft mbH With the Administration the particularly important oil industry became the already existing continental oil A.-G. commissioned <sup>178</sup> . Later, other companies such as Chemie-Ost and Superphosphat-Ost were added, but they never achieved the importance of the companies mentioned above. These imperial societies should have one Interim solution represent, until one day German Entrepreneurs who would take over Soviet companies. This goal became more concrete when for A number of German companies leading Russian companies were appointed as trustees, which thus controlled significant parts of the production capacity of the occupied territories. Hardly anywhere else has the four-year plan alliance between government and industry been so open here a raid to increase both the war potential and the industrial potential Profits began.

Economic policy in the occupied Soviet territories soon ceased to be the policy of the four-year plan, but was carried out more and more independently by the trust offices and the economic staff, which lost their connection to the four-year plan office by 1942 at the latest. We will therefore content ourselves with documenting the following original list <sup>179</sup>, the comparison between deliveries originally agreed with the Soviet government (for the period summer 1941 and spring 1942) and the actual <sup>177</sup> a Please refer so-called. Greens folder, Part I (Tasks and organization the Business), 2. ed.

1941.

<sup>178</sup> Göring's decree of July 27th 1941, printed in the Green Folder, Part II (5 .ed.), p.16f. For "Kontinentale Öl-A.-G." See documents NI-2021, NI-10162 and NI-10797. Further information at Alexander *Dallin*, German rule in Russia 1941-1945, Düsseldorf 1958, Part III.

<sup>179</sup> "Results the four-year plan work", a. a. 0.

captured quantities of raw materials and food can show the extent to which the war economy efforts are affected were supported.

The first nine months German Occupation policy in the Soviet Union yielded more than 10% of mineral oil consumption in 1941, the year of highest consumption of the whole war. The yield of grain corresponded a little less than a tenth of a German pre-war harvest. These were considerable quantities in absolute terms, but they were certainly far below what the Four Year Plan authorities had expected when they included Russia in their plans for major raw material and food pantry of the Empire degraded. The cause lay for it before everything in the prevailing short term Robbery- and Prey mentality himself,

*Table 13*  
The economic exploitation the Soviet Union

Product	failed “Contract deliveries” from the Soviet Union	for Troop and home earned or captured
grain fat	1900000 to	1030000 to
meat	29000 to	47200 to
mineral oil and Fuels	9200 to	213500 to
Hides and skins	700000 to	750000 to
Manganese ore	1000 to	15000 to
Chrome	255000 to	105000 to
ore	32700 to	5200 to
phosphate	200000 to	600 to
scrap		200000 to

the one systematic development the Prevented raw material deposits. Besides that, they went Oil areas were soon lost again, so that At the end of 1942, Germany returned to its own production and to Romania, especially for the most important raw material reliant was.

The one described activity of four-year plan in Poland and the Soviet Union, the activities of the Commissioner for Petroleum in Romania and the Plenipotentiary General in the Balkans for Serbia (collection of ores) corresponded with the planning from Industry and Agriculture apparently only few to do. Nevertheless, it persisted also with the previous one The task has an internal connection, there the exploitation occupied countries original Four-year plan in his defense and consistent with the objective of the war economy supplemented and completed.

### *J. The military economics Generation plan until 1942*

The Four-Year Plan work domestically was concentrated between 1939 and 1942 almost exclusively on the area of military economics generation plan, so on the chemical sector and Light metals. Included stayed not the

Plan approaches from 1938 binding, rather the GBchem. formed always again new focal points, each the changing war events reflected. See you in the first quarter In 1940 the first one was powder and Explosives production in particular promoted; then, under the impression of victory over France, since the summer of 1940 there was a greater emphasis on the armament programs of the air force and navy. That meant within the Production plan called for an intensification of light metal, aviation fuel and heavy oil production in order to prepare for the invasion of England. The planners initially found it difficult to concentrate on these products lighter, as in the victorious western campaigns size Quantities of raw materials had been captured so that the feared shortage did not occur. The surprisingly short war in the West also only had its own raw material reserves requires little and thus creates the opinion among the leadership that it is possible, the production here even in favor of consumer goods sector to throttle. The euphoria from 1940 let forget that the series the Blitz campaigns could one day come to an end.

At the outbreak of war, Göring declared GBchem's area of work. within the systems the Raw material management for the fourth Wehrmacht part (Wehrmacht raw material), around the equals Raw material supply opposite Army, air force and navy too to back up. At the same time, the GBchem. First of all, all projects that could not be completed within a year are returned. After this limitation were End 1939 still 283 Projects of Military production plan under construction; Of these, 120 were in the petroleum industry (this included a large number of very small projects that had little impact on production capacity) and 60 were in the area of powder, explosives and warfare agents <sup>180</sup>. For the Petroleum industry laid a Priority program from the October 1939 the Scholven III hydrogenation works were put on hold in Gladbeck and Lusatia, while Blechhammer, Heydebreck and Brück were to be expanded to meet war requirements <sup>181</sup>. This has now also been done for Heydebreck (similar to earlier for them other two works) Reich funds of 50 million RM were made available <sup>182</sup>. Blechhammer and Heydebreck won despite this state aid during the Just war still of little importance. In contrast, the Pöhlitz, Böhlen and Wesseling plants near Cologne were subsequently quickly expanded and soon became one of the largest producers. Pöhlitz, because of its cheapness strategic Position in the Northeast Germany particularly promoted became, could 1944 even Leuna lap and the top position in the Hierarchy of producers win.

In October 1940, the official end of the first plan period, the GBchem. and the Reich Office for Economic Development for the Subject areas of the defense economic generation plan, added around some chemical raw materials, he-

<sup>180</sup> specification the Department of GBchem *from the* Z0. IZ. 1959, Doc. NI-7858, S. 19.

<sup>181</sup> plan *from* October 15, 1959, Dole NI-8796. Further the report Smoke up the meeting of the General Council on Z0. IZ. 1959, Doc. NG-116Z.

<sup>182</sup> report of GBchem *from the* 1. December 1959 until 15. March 1940, B.A EAP 66-c-1Z- 6Z/44.



new a four-year production program. In doing so, the office demonstrated that at least in externals continue on Concept of a four year plan wanted to hold on to it , even if the inner connection with the original plans had long been lost. Essentially, this new program was just an adjustment of military economics generation plan at the experiences of first year of the war, that one unplanned restructuring of brought as needed had. In particular, the planned targets for mineral oil were reduced, which initially was not the same as before feared Bottleneck in the care had become. The Light metal plans

Table 14

Production program the factories of the military economy New ones generation plan in the 2nd four-year plan (in 1000 jato) <sup>183</sup>

Subject area	1940 (actual production)	1942	1944
1. mineral oil in total	4750	7052	9020
<b>a)</b> Aviation fuel	650		
<b>b)</b> Car gasoline	1149		
c) diesel fuel	782	5732	7700
d) heating oil	745		
e) Propellant gas	225		
f) lubricating oil	502	520	520
G) Rest mineral oils	697	800	800
2. Buna	40	110	150
3. Chemical Basic materials			
a) Methanol	100	200	200
<b>b)</b> NaOH electrical	380	580	650
c) NaOH chew.	230	355	355
d) soda	1600	1820	2000
e) Primary nitrogen	800	1040	1100
f) Calcium cyanamide	185	213	213
G) sulfuric acid	2400	3000	3500
4. rayon and Artificial silk	340	400	560
5. powder and Explosives			
a) powder	72	192	192
b) Explosives (incl. Extenders and ammonal)	180	480	480
6. Light metals			
a) aluminum	209	289	289
<b>b)</b> magnesium	22	40	40
c) Clay	455	648	648

<sup>183</sup> Lineup in Dole NI-8855, S. 177.

However, they have been revised upwards because previous assumptions about demand have changed the Aircraft factories had proven to be too low.

With a few exceptions, the goals set out here were not met later reached. This Self-deception the guide above the German Opportunities increased even further when, immediately after the start of the Russian campaign, Göring again demanded greatly increased production targets for light metals and aviation fuel. With that on the 23rd announced in June 1941 Göring plan - At the same time, the last planning of the four-year plan instances - it was hoped to enforce air superiority over Great Britain, which was important for the war effort, after the previous "Air Battle over England" had proven to be a failure. Demands such as that for a European aluminum capacity of 1 million tons per year (after so far in the Empire only a fifth this Crowd produced or a monthly aviation fuel production of 360,000 tonnes (of which only a little more than a third was actually achieved) bear witness to the increasing unreality of the planning in the last phase of the four-year plan <sup>184</sup>. They are not to be blamed on the Krauch office, but rather document Göring's desperate attempts to but still be military and political Prestigious, the with the course of the air war was closely linked to saving.

The fate of other partial plans was similar, and they need no more explanation than that she for the Work of the Reich Office for Economic expansion and des GBchem. hardly had any meaning anymore and about that Only what has actually been achieved few testify. Wishes and Possibilities went always more apart. The situation in practice can be seen from the development of construction investments <sup>186</sup>, whose Volume of each Fritz Dead as had to be approved by the general representative for the construction industry. The office was given in the first year of the war Krauch (RWA and GBchem.) a Construction volume from 908 mill. RM granted, of which 63% on the quick plan (powder and explosives systems), 20% on the petroleum industry and 11 % on the Chemistry area were eliminated. In the third war year then sank Approved construction sum of 750 million RM, two thirds planned for the Subject areas of the GBchem. (540 mill. RM), to one sixth for the tasks of the Reich Office (160 million RM) and a tenth for residential settlements of the four-year plan. The realization of the valid plans According to the Reich Office's estimates, this requires more than twice as much (1,662.5 million RM). Even if the practice fell far short of the hypertrophy of the planning, this was achieved Office Krauch has achieved considerable success: It united in 1940 after all 11% of all construction investments in Reich, 1941/42 even 16%, which are in a rapidly rising one production knocked down <sup>186</sup>.

<sup>184</sup> For the Göring plan B.A EAP 66-c-12-62/45, EAP 66-c-12-62/50 and Wi I F 5/628.

<sup>185</sup> report of GBchem for the Time from the 1. 12. 1959-15. 5. 1940, B.A EAP 66--c-12- 62/44.

<sup>186</sup> To the Total construction investments this period please refer *Rolf car driver*, The German industry in wars 1959-1945, 2nd edition Berlin 1965, p. 160.

#### 4. *The End of four-year plan*

In the In October 1940, Göring was again commissioned by Hitler to carry out the four-year plan, with the special instruction to "meet it in accordance with the demands of the war to adapt " <sup>187</sup>. The Order could make one believe that there was a four-year plan at this point in the sense of the task from 1936 still existed. Apart from the Karinhall plan, which was limited to a few war-important products (mainly for the benefit of the Luftwaffe), but there was no longer a detailed plan program it 1936/37 had existed for the entire area of raw and basic materials. The name "Four-year plan" was a long time ago for the It became a poster behind which a number of special programs and institutions were hidden, most of which were the Price Commissioner, the Reich Office for Economic Development and the Economic Management Staff East - nothing more to do with each other had. These special economic bureaucracies superimposed the existing instances, without However, to replace them completely, so that The false impression could arise that "the four-year plan" was actually an expression of a new economic policy goal and a new economic order.

Until 1938, the four-year plan's heterogeneous organization was still held together by a relatively strong leadership and a common focus on industrial planning. This objective focus was eliminated in the summer of 1938 by the The original plans were abandoned and the institution fragmented. The unity was only maintained through the person of the representative and that Weight of the four-year plan overall depends on Göring's weight. As long as Göring was the second man in the party and state , was also the possibility of effect the Four-year plan bodies large; she could until 1939 even be expanded. As Göring's Position weaker and dead became the "strong man" of economic policy, the four-year plan quickly lost its former monopoly position. This process was accelerated after 1940 by Göring's loss of prestige with Hitler and by Göring's concentration on air warfare, which left him little time for questions of economic policy .

Defeats in individual questions of competence and economic policy decisions that Göring had already had to accept this in the face of Todt (when he tried to influence the army's armament) foreshadowed the later developments under Speer. As Speer after Todt's fatal crash in February 1942 was appointed Minister of Armaments and Ammunition the role of Göring and with it the of the institutions of four-year plan played out. In Speer, a personal confidante of Hitler the leader ... his main organ, his confidant for all economic areas" <sup>188</sup> . speer took over all functions Todts and

<sup>187</sup> Decree about the others Tasks of the representative for the four-year plan of 18. October 1940, R.GBI 1940, I, P. 1595.

<sup>188</sup> report by Thomas before his cooperation one Meeting with Speer on Z5. 5.19 4Z, BA Defense Economy-Armament, Wi IF 5/41Z.

was on the 14th In March 1942, Göring was appointed general plenipotentiary for armaments tasks in the four-year plan appointed <sup>189</sup>. This formal subordination to Speer came to nothing meaning to; the Institution of this general representative became even at Speer's suggestion created and served just for that, Göring's vanity to protect. The founding of the new top authority of "Central Planning" was also due to Speer <sup>190</sup>. The Four Year Plan Officer had to new institution none Influence more and only out of Prestige reasons became Göring's Representative Körner as a member next to spear and Milk called.

Central planning developed into the new control instrument for the war economy instead of the General Council for the four-year plan and with greater effectiveness, as this one she ever had owned <sup>191</sup>. If the central Planning with your device of Planning Office very quickly to real ones management body that soon aligned all areas of the economy with the goals of the war, that was just it possible because that Speer's ministry was able to concentrate economic policy powers within itself. As a result of the founding decree, the most important competencies of the four-year plan bodies - decisions on new planning, the continuation of existing plans and the creation of new raw material production sites, the distribution of raw materials, transport and the coal and energy industry - were transferred to Speer. A few months later, in the summer of 1942, the OKW's military economics and armaments office became part of the ministry named after its dynamic boss, followed in 1943 by the naval economics office and in 1944 Speer was finally able to take over the air force's previous economic and political functions. Different than the four-year plan was the Ministry of Armaments for this all areas the Business responsible; This enabled him to create a central control system for the economy after 1942, which, contrary to conventional ideas about a "planned economy", did not reduce industry's influence, but actually increased it compared to the bureaucratic control of the Wehrmacht staff. What reserves that new Steering system and the Method of comprehensive planning, the structure, work and functioning of which will no longer be discussed here <sup>192</sup>, could activate, is shown by the fact that arms production increases between 1941 and in 1944 tripled <sup>193</sup>.

A others Part the former Four-year plan tasks took over the new General representative for the work assignment that Hitler went on on the 28th. March 1942 the Thuringian Gauleiter Fritz Sauckel appointed. On they went to him Powers

<sup>189</sup> Official notice No. 1555, in: The four-year plan, 1942, p. 198.

<sup>190</sup> Statement by Speer, IMT XVI, p. 499. Göring's decree of April 22, 1942 regarding the facility the Headquarters planning finds itself in Doc. NOKvV-244.

<sup>191</sup> The General Council was not formally dissolved, but in fact hardly any meetings had taken place by 1941. The last one preserved Protocol comes from from a meeting on June 24, 1941, Doc. NI-7474.

<sup>192</sup> To details please refer the Meeting minutes all 60 Meetings of the Central Planning, which are known as Doc. R-124 (document volume of the Indictment 120, Case VI).

<sup>193</sup> *Rolf car driver*, The German Industry in the wars 1939-1945, a. a. O., S. 124f.

of the former business group, but thanks to his special powers he did not limit himself to their relatively modest area of activity. Rather, he built in the last three The war years affected the entire economy Rich and of occupied abroad comprehensive system the recruitment and distribution of labor, not least for the deployment of millions of foreigners in Germany arms industry was responsible.

Some organs of four-year plan How the Reich Commissioner for the Pricing continued to exist as independent authorities, while others were absorbed into the apparatus of the Ministry of Production or disappeared completely. This meant that the four-year plan no longer existed as an institution at the end of 194Q, although Hitler's order to Göring to continue the four-year plan was renewed again in 1944 in a meaningless ritual. The decisive factual reason for the disappearance of the four-year plan lies in the major turnaround in the war that became apparent at the end of 1941. The hitherto successful blitzkrieg strategy did not necessitate a complete conversion of the economy to the needs of the war, and even had the advantage of a partial focus on planning and special measures - the characteristic working method of the four-year plan - proven. One can rightly say of the first two years as one "peace-like war economy" <sup>194</sup> . Only in the winter of 194-1/4Q beginning Permanent war obligation to one comprehensive war economy, which, in contrast to the previous elastic focus formation, now had to be comprehensively planned in a few sectors <sup>195</sup> . You couldn't achieve that with an institution whose... Organs existed alongside and between the state bureaucracy and always only in relatively narrow sectors - therein lay her strength and weakness at the same time - had been active. Rather, this required a rigorous consolidation and alignment the entire economic bureaucracy to one new uniform organization, which also the individual Organs of the four-year plan had to fall victim. For this new task, the four-year plan was neither of its original mandate nor of its organizational design here prepared.

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<sup>194</sup> Rolf car driver, a. a. 0., S. Z5ff.

<sup>195</sup> The end of the blitzkrieg strategy can be dated to around December 1941, when It became clear that the Soviet Union would not capitulate within a few months. The leader decree "Armament 1942" from January 10, 194Z makes the turning point clear. See *AS Mi/ward*, Die German War economy, aa 0., p. 63ff.

## PART THREE PLANNING

### INSTRUMENTS

## I. RAW MATERIAL CONTROL

Raw material control was the most important instrument for controlling industrial production. Like other steering instruments, it was created before the Four-Year Plan was announced - in 1934 - but only acquired its real significance after 1936. Even then, it not only served to implement the Four-Year Plan raw materials plans, but also regulated the allocation of raw materials for the others areas and with it the Investment opportunities for the Wehrmacht and the civil sector. Institutional she had been in office since 1936 of the representative for linked to the four-year plan.

Carrier of raw material control they were 1934 furnished Monitoring bodies, their original task the Control of imports was <sup>1</sup>. This Surveillance points - from August 1939 they were uniformly called Reich offices - were initially officially subject to official supervision of · Ministry of Economic Affairs, but they were effectively independent until 1936. Their competencies were constantly expanded, as the foreign exchange control functions were soon joined by raw material management and, through the allocation of raw materials, influencing the ability to invest. The most important individual instruments the Reich Commissioner were purchasing, processing and sales permits, later to a greater extent restrictions on use. They were used in many combinations, adapted to the special conditions of the individual industries. However, the idea of planned control by the monitoring bodies would be wrong. It probably existed the There was a theoretical possibility of pushing production in a certain direction, but in practice the initiative lay with the cartels or individual companies, as the monitoring bodies initially only ruled out undesirable uses and could not determine a specific processing of the raw materials. Raw materials were controlled until 1936 only indirectly <sup>2</sup>, one direct Management took place not. One size The weakness of this control procedure was the large number of monitoring bodies. A company had to turn to several places to obtain the raw materials necessary to manufacture a product. It That's why I found myself dealing with a variety of different things requirements of the individual instances, the often not coordinated, partially even contradictory were. So could a Pursue

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<sup>1</sup> Hienu *Friedrich Ecker*, From the monitoring center to the Reich office; in: *The German National Economy 1939*, Volume 8, pp. 1040f. and *W. Bachmann*, Die Monitoring bodies - emergency assistance or permanent facility, in: *The German National economy, 1937*, 6. Jg., S. 1059ff. At outbreak of war passed 27 Reich positions for all important Economic sectors.

<sup>2</sup> Hienu also *Gerhard J(roll)*, From the Great Depression to state economy, a. a. 0., S. 545ff.





from the Raw material A received enough, at the same time important raw material B. On the other hand, they remained undersupplied because another imperial office was responsible. A more precise quantitative determination of the associated errors is not possible. Anyway becomes man say can, that a Part at comprehensive planning would have avoided become can. The means however not, that the Raw material management before 1936 as Whole missed been were, there it given the given deficiency and the arms policy Goals barely one alternative gave.

With the ever-increasing shortage of raw materials, it has been proven since 1935 the steering procedures used up to that point were inadequate. The four-year plan should therefore bring about a new regulation of raw material management. Initially found its institutional expression in the establishment of the raw materials distribution business group. The intention was to "secure the need for the implementation of the politically important and urgent tasks" <sup>3</sup> - that was called rearmament - to ensure. It remains to be answered whether the instrument of raw material control as you have since further developed at the end of 1936, met these requirements, d. H., if it as usable instrument of plan execution of the four-year plans is designated. We vote. The example of iron farming is particularly important. Meaning came, there iron as the central basic material the industrial Production represented the biggest bottleneck and the posed the most complicated management problems. In fact, the history of raw materials control was between 1936 and 1942 largely with the Story the Iron quota identical <sup>4</sup>.

The new central steering institution should distribute the raw materials among the major areas of need; The monitoring bodies were left with the assignment to the individual companies, so that they retained the actual administrative tasks. In the first few months after the four-year plan bureaucracy was established, things initially changed few compared to earlier. The distribution from iron and Steel was still carried out by the responsible Reich representative; the regulation of prices was still the responsibility of the iron industry's compulsory associations, which were supported by a restrained pricing policy the volume economy on dem. The iron market provided additional impetus <sup>5</sup>. At the beginning of 1937, the situation was characterized by constantly longer delivery times and growing demand from the armaments and construction industries. Since the armed forces saw their rearmament program at risk under these circumstances, this was done under their pressure, the transition from indirect control took place in February 1937 for iron quotas and Steel.

<sup>3</sup> The Reorganization the German iron industry, in: The Four-year plan 1937, S. 151.

<sup>4</sup> It is not necessary, all aspects the iron quota to represent. For that lies the study from John Sebastian Geer, The market the closed demand, One Morphological study on iron quotas in Germany 1937-1945, Berlin 1961. For our treatment of iron quotas The main source was an unprinted report by the Reich Office for Economic Development from 1943 on the development related to iron quotas. See BA EAP 66-c-12-62/120.

<sup>5</sup> J. S. Geer, a. a. O., S. 40f. The Overall index the Wholesale prices increased from 1933 to 1936 around 11.5 %, the Wholesale index for Iron raw materials and iron around 1.1 %, (Stat.

Yearbook for the German Reich 1937, S. 296.)

The The principle of the new management procedure was the allocation of quotas to so-called quota holders <sup>6</sup> according to the urgency of the need. The criterion was "national political importance". Accordingly, the decisive quota holders were the Wehrmacht units, the four-year plan, the export and machinery industries. The importance of the four-year plan was underlined by the fact that the distribution itself was the responsibility of an authority of the four-year plan. In fact fell the decisions however in the poll between the huge "Those who need it", with the Wehrmacht and the party offices due to their political influence was given particular weight.

The first step in the management measures was to cancel all orders for the delivery of semi-finished iron products, rolled mill products and cast products delivery through the Iron industry until End April 1937 was not guaranteed <sup>7</sup>. This meant the existing overhang Orders are to be reduced in order to enable a redistribution of iron production, specifically in favor of the new four-year plan projects. After the market has been cleared, the system of distribution based on urgency should then come into force. The Individual iron processing companies had to register their requirements with the monitoring body. With the help of emergency certificates that correspond to the global quotas of the be issued to individual consumers the raw material distribution business group tried to do that Allocation of iron and steel to the desired location Direction to to steer. At latest in the Summer 1937 was this system however after the judgment of Göring and the affected Industry failed.

The cause was in the fear of Ironworker, at the allocation falls short. The companies therefore deliberately estimated their needs as high in order to obtain at least part of the desired amount of iron and steel. Göring, not wrongly, characterized this reaction as a "hamster psychosis" without taking into account that at this one system everyone Entrepreneurs like that had to act, if he didn't want to risk production downtime. The uncertainty factor for the individual company was not least the future needs of the four-year plan that the representatives of the Office for German raw materials and materials were also unknown, as the necessary iron consumption had never been determined in detail. The weaknesses of the planning now in the quota.

The consequences for the implementation of the four-year industrial planning were corresponding. The expansion dates could be postponed due to the insufficient amount of iron and steel not complied with become, while itself at different Companies accumulated unneeded iron supplies <sup>8</sup>. A new regulation of iron allocation appeared urgent necessary, but hesitated Goering, Changes according to the Before-

<sup>6</sup> In year 1942 there was in total 80 Quota bearer within of Rich. Hin-ri non-Germans came quota holder, as soon as occupied countries in the German iron management. On this *Geer*, a. a. O., S. 64ff.

<sup>7</sup> arrangement No. *Currently* the monitoring body iron and steel from the Z5. Z 1957.

<sup>8th</sup> Please refer the Reports of GBchem above the progress the Work on dem Area of the WNE since autumn 1958, Doc. NI-8791 and Doc. *EC-Z8Z* as well as those shown in the second chapter problems.

to carry out strikes by military authorities, which limits the quotas VVermacht and Four-year plan provided. The Restraint Göring's thought may have arisen from the idea that a new revision within a few months would cause considerable unrest in the industry. Despite the weaknesses of the procedure, the quota remained in place in the following years receive.

In order to make quotas a useful control instrument, there should have been a requirements plan in place and, on the other hand, never more than distributed may be produced. So of course this Demands sound so little that they have not been fulfilled. The allocation of quotas repeatedly exceeded production because there was no functioning urgency scale was. In the Autumn 1939 became e.g. 2.2 million moto the different

distributed to those in need, the monthly production fraud to this one Time 1.9 mill. to. Such Discrepancies were for the Time until 1942 typical. She showed themselves to the extent that the quota on the other raw materials and basic materials expanded became, also with light metals, copper, Nickel, Wood and Cement <sup>9</sup>. The Attempt, this one weaknesses through additional Urgency levels to encounter was unsuccessful. It even increased the confusion by providing an overview of the multitude the urgency levels always became more difficult. Various Accumulated orders therefore had to be canceled in order to achieve a balance between capacity and demand. The result for the four-year planning was drastic, as in 1st quarter 1939 10-20%, in the 2nd quarter Quarter 1939 30---40% of orders for the expansion of the light metal industry had to be declared invalid <sup>10</sup>.

Since the failures in the fulfillment of the plan increased, at the end of 1939 vVehrmacht control numbers were introduced for the new military production plan him the ensure priority over civilian consumers. The Swelling of armaments and raw materials programs after the outbreak of war soon made one further differentiation necessary. The four-year plan authorities had additional code numbers (ZX and ZY) corresponding to the special levels that already existed in the Wehrmacht a; These were from 1941 onwards by the unified Special stages S and SS replaced. The purpose of all these regulations was to address the dilemma of an economy that was far oversaturated with contingents, at least to the extent that the most important military and defense economic projects were secured. Time and again, certain special programs were approved with even greater urgency, so that The special level regulation also quickly wore out in 1941 and 1942. With Particular urgency was given on 22. 11. 1941 the chemical production plan fitted. Within the Chemistry plan became that again l'v'lneral oil program highlighted (Decree Göring's from the January 7, 1942), the Light metal construction

<sup>9</sup> Examples therefor find itself u. a. in **B.A** Military economy armor **Wi I F** 5/3485, Doc. NI-8791, Doc. NI- 7824.

<sup>10</sup> Report of Reich Office for economic expansion the history of iron quotas, BA EAP 66-c-1Z-6Z/1Z0.

at the relegated to second place, although when the Göring Plan was announced in June 1941, this was above all others confessed had <sup>11</sup>. In the first months of 1942 presented man dem Chemistry plan other programs even (Panther program, the East transport and bridge program, the Transport Boss program, mining, NSV program, etc.), so that Despite the high urgency of the chemical plan, major delays occurred <sup>12</sup>. This quota system was finally replaced in the fall of 1942. Only now, under Speer, were those responsible able to overdraw quotas impede. The to enforce, had the fascist

..economic politician above five Years needed.

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<sup>11</sup> An OKW decree of July 17, 1941 already secured this Equivalence of the mineral oil plan with air armament (including the light metal program), but this appears to have been initially delayed, so that a new OKW decree became necessary in November 1941. Please refer the report of RWA above the history of Iron quota, aa 0.

<sup>12</sup> In the first three quarters 1942 fell for it GBchem 30 % of assigned machinery iron. Please refer report of RWA above the Story the iron quota, a. a. 0.

## II. THE STEERING THE LABOR

The Interventions in the labor market began as early as 1933/35, when With the help of state coercion, a steering system was set up step by step, the his full expression in the regulations of Representative for learned about the four-year plan.

At the 15. May In 1934 the "Law regulating the use of labor" authorized <sup>13</sup> the president of the Reich Agency for Employment Services and Unemployment insurance, to temporarily block the inflow of workers into certain areas to be determined on a case-by-case basis and to prohibit the migration of agricultural workers. The law should be in line with the agricultural protectionist attitude and the The goals of self-sufficiency began in 1934 Support the "production battle". Still Further regulations followed in the same year. Special Meaning had the "Regulation to Assurance of strength requirements the Metal Industry" from g9\_ m. 1934, there she in the main Industrial area the Possibility of be created by official intervention. Also before the four-year plan, an important general control instrument for "work deployment" was created with the legal introduction of the work book from g5, g\_ 1935 <sup>14</sup>, the one permanent official control the workers allowed.

Despite these options for intervention in the labor market were the actual interventions in the The years 1933-1935 were not very significant because, given the existing unemployment, the labor shortage was an exception in some areas, but as a rule there were enough workers for the early rearmament and the large state projects. The steering measures had frequently still the purpose, the Number the Unemployed too reduce. In the course of of year 1936 However, this arose with rearmament and an economic upswing in the Metal- and Construction industry first size bottlenecks. Straight but these areas should through the Raw- and Substitute program of Four-year plan additionally claimed become. The National Socialist In order to implement the four-year plan, the state leadership therefore integrated the "labor deployment" into the four-year plan organization. Although administration remained with the Reichsanstalt or the Reich Ministry of Labor, the decisions about control lay with the representative for the four-year plan. With this coordination from Work control and Four-year plan should the "Demand for workers for the Tasks that are important in terms of state and economic policy are ensured "Work deployment" thus developed into an important instrument for the realization of the Planning.

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<sup>13</sup> R.GBl I, 1934, S. 381f.

<sup>14</sup> R.GBl I, 1935, S. 311.

The meaning of "work commitment" for The four-year plan was already apparent in the first six Orders for execution of four-year plan from the 7. November 1936 <sup>15</sup>, which all deal with the "Security" of employ workers. The The first arrangement served the Promoting skilled worker training. Every company in the iron and metal industry and the construction industry was obliged to train a certain number of apprentices, in an appropriate proportion the Number the one from employed them "Skilled worker stood". The Lack of skilled workers was one Consequence the global economic crisis, there in the one from The basic materials and capital goods industries that were particularly affected by the economic decline had relatively few apprentices trained <sup>16</sup>. The other decrees regulated them Recording and managing the existing stock of skilled workers, especially those from the metal and construction industries. The regulations did not directly restrict the freedom of movement of individual workers, but rather attempted to achieve the desired control with the help of recruitment controls, the ban on poaching and the employment office's influence on those who met their qualifications Task to reach.

In view of the shortage of free labor during 1937 and the first half of 1938 - triggered by the great need for the construction of the Four Year Plan Works and of Westwalls - would be strength Wage incentives was necessary to direct the workers to the demand centers in the short term. The whole politics at the labour market was however in the previous years oriented towards reducing the labor factor through market incentives, i.e. to direct freely formed wages, but in the interest of a high state share in the national product and great profit opportunities for entrepreneurs To stabilize wages at the crisis level of 1932/33. Therefore, partial service had to be introduced in the summer of 1938. The corresponding regulation "to ensure the strength requirements for tasks of particular state political importance" dated 22. June 1938 <sup>17</sup> had be legislative foreplay already in the (not published) People's Service Act of 21. May 1935, which regulated individual work obligations in the event of war. Due to the new regulation, every German citizen could apply for be obliged to work for a limited period of time at a place and workplace assigned to him by the authorities. The only requirement was that it was around a politically significant Project (below one reckoned primarily with Westwall, the Four-Year Plan and the armaments industry. This provision was made in February 1939 completed insofar as the duty now also for in Germany living Foreigner and on indefinite Time out of-

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<sup>15</sup> Reichsanzeiger No. 626 *from the* 9. 11. 1936.

<sup>16</sup> The number of apprentices (or employees between the ages of 14 and 16) decreased between 1925 and 1932 in the iron, steel and Industry producing metal goods *from* 132,000 to 19,000, in iron and metal production *from* 16,000 to 3,400. (Stat. Yearbooks for the German Reich, 1933 and 1935).

<sup>17</sup> RGBI I, 1938, S. 652.

could be spoken <sup>18</sup>. About the The duty was exceeded Termination of all other employment relationships is made dependent on the approval of the employment offices. With the Possibility in terms of time unlimited service obligations for highly important projects u. a. the formation of Permanent workforce in the new emerging four-year plan companies are supported the other regulations could fluctuation the Workforce (so far not already Coercive obligation existing) can be stopped.

When war broke out, the service obligation was extended to all employees, meaning that there was no longer a need for a particularly important project <sup>19</sup>. The worker thus became an economic soldier; the economic command was placed on an equal footing with the military command. The “militarization” of the labor market had already progressed to such an extent that World War I September 1939 for the steering the Workforce only the transition from the state of “as if war” to the actual state of war marked.

Four stages of development can be recognized in the laws mentioned regulating the labor market:

(1) The years 1933/34, in which labor deployment policy was identical to state job creation policy and a new labor market order emerged; (2) the years 1935 and 1936 up to the beginning of the four-year plan, in which there was statutory labor control in some sectors of the economy came, but it was not yet of any greater importance because there was still an unemployment reserve of 1 million in the fall of 1936 was; (3) the Period from the beginning of the Four Year Plan to Summer 1938, when entire work effort part of the four-year plan and instrument at the same time to Realization the Planning became, but despite more indirect Control of the labor market, freedom of movement still basically preserved stayed; (4) the Period from the summer of 1938, when the transition to the forced recruitment of workers took place, characterized by compulsory service and the abolition of freedom of movement. This system of immediate intervention was expanded in 1939 and was completed at the outbreak of war. The service obligation was then not only an instrument for implementing the four-year plan and similar large special projects, rather the Counterpart to military warfare.

Since the third period was workforce management linked to the four-year plan in two ways. At one point, the labor effort was institutionally part of the four-year plan; on the other hand, work control was one of the most important instruments for implementing the plan. The service obligation affected 400,000 workers for the West Wall alone January 1940 the total number Service obligations on 1.4 Mill. increased. These spread out especially on the the Wehrmacht assumed defense factories, the transport sector, the

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<sup>18</sup> regulation to Assurance of strength requirements for Tasks from special state political Meaning from 15. February 1959, R.GBl I, 1959, p. Z06.

<sup>19</sup> regulation above the restriction of change of job, from the 1. 9. 1959, R.GBl I, 1959, p. 1685.

Construction industry and the chemical industry <sup>20</sup> . At the end of 1940, the workload for the four-year plan covered the works in the mineral oil, chemical, light metal, powder and explosives industries 412,000 employees, half of which are in construction and Assembly workers, the other half were company workers <sup>21</sup> . Calculate there are also the employees in the "Reichswerke" group and the other basic, raw and substitute industries, the number of those committed to the four-year plan is likely to increase been at least twice as high be.

A final judgment on labor control under the Four Year Plan must take into account both the mobilization of labor for the development of extractive industries and the "labour deployment" throughout the national economy. It turns out that despite the legal possibility of directing the workforce in the interest of implementing the plan, the lack of workers remained an important reason for delays in the implementation of the plan. Those occurring Failures were however fewer on the Technology of labor deployment rather than being due to the poor coordination of planning with the armaments programs, so that similar bottlenecks occurred in the economy as a whole as on a smaller scale within the four-year plan. It seems all the more surprising that the business group employs the existing labor reserves between 1937 and 1941 not so full mobilized, as it may appear based on the regulations and laws <sup>22</sup> . There would still be reserves in agriculture and housekeeping for an expansion of industrial employment been present. She for purposes the arms industry to activating it would have required extensive planning and overcoming ideological barriers that existed on the issue of women's employment. This explains why at no time until 1942 was the labor potential in Germany exploited to the same extent as at the same time in Great Britain. This Structural weaknesses in the economy as a whole, however, do not change the fact that without them The four-year plans would not have been feasible at all. In this respect the work control came within the economic policy instruments of the four-year plan important place too.

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<sup>20</sup> *Frederick syrup*, Commitment to service and more economical order to present, in: The Four-year plan, 1940, Part I, p. 5. Furthermore, his statements at the 5th General Council meeting on January 51, 1940, Doc. NI-7474.

<sup>21</sup> Explanations from Carl Krauch for the was standing of work effort at the 1. 1 1941, B.A EAP 66-c-12-62/42.

<sup>22</sup> To this Ask more accurate *Burton H. Small*, Germany's Economic Preparations for War. Cambridge/Mass. 1959.



### III. THE SALARY- AND PRICING POLICY

State Salary- and pricing policy gave it in Germany does since the years of the global economic crisis, when a Reich Price Commissioner was appointed in 1931 and a wage freeze was ordered in 1933 <sup>23</sup>. The re-appointment of a "Reich Commissioner for Price Formation" at the end But October 1936 meant more than just that the reactivation of an already well-known facility under a new name, she developed itself much more in the Frame of four-year plan to one central Steering institution of economic policy.

One Connection from Four-year plan and Pricing policy duration as well How at the

"Work deployment" is initially institutional in that the Reich Commissioner at the same time business group in the organization of four-year plan was. In addition, there was pricing policy and a four-year plan also factually closely linked. The structure of the new industries had to be included dem as early as 1936 The high degree of utilization of production capacities achieved inevitably led to price increases, which jeopardized the plans and the wage policy pursued up to that point. Therefore, the guideline for the pricing policy was "proportionate Stability of prices and the stability of the existing relationships between wages and prices " <sup>24</sup>. The Stabilization policy of prices and wages already in the three had been pursued years before, but only now were the instruments available with whose help makes this postulate a reality become could.

1931 and in the following years was Pricing policy initially price monitoring policy. The The price commissioner saw his job as: Rigidity of prices - a result of cartelization - and to strive towards the "natural market price" <sup>25</sup>. Behind this was Goerdeler's old liberal economic doctrine of the self-healing powers of the economy, which had become highly questionable in practice given the high degree of intellectual politicization (and was now merely an ideological reflex out of currently of Competitive capitalism was). The showed itself that the prices of the highly cartelized production goods industry only fell by 17% between 1928 and 1933, even though production fell by half at the same time <sup>26</sup>. Between 1933 and 1935 the goal was no longer reduction the price, rather in the prevention from Price increases. The stabilizer

<sup>23a</sup> The Wage freeze became practical in the Connection at the Order the Trustee the Work (law from the 19. 5. 1933, RGBI I, 1933, S. Z85) decreed.

<sup>24</sup> W. Meinhold, Economic Principles the Pricing in the Four-year plan, J. f. Nat. and Stat., Vol. 150, 1939, p. 57Z.

<sup>26</sup> See Gerhard Albrecht, Market pricing and public Pricing policy. J. f. Nat. u. Stat., B 15 1941, p. 34L

<sup>26</sup> Statistical Manual from Germany 1928-1944, S. 460 and Economic statistics Manual 1933, S. 41f.

ality of the price level was easier to achieve at the given level because free capacities and the surplus of labor had a regulating effect. Larger price increases, How she in individual branches, especially in the Agriculture observed resulted from a targeted immigration policy of the state <sup>27</sup>. Goerdeler, November 1934 again appointed Reich Commissioner for Price Monitoring, tried again to loosen cartel prices <sup>28</sup>. He had no influence on the non-binding prices because of his opinion after the Market mechanism here anyway prices that were economically justifiable. Than since At the end of 1935 the price level however, due to first Capacity bottlenecks and risingT Raw material prices continuously increased, Goerdeler's basic postulate of price stability with free market pricing failed. In this situation, the reorientation of the pricing policy came through the four-year plan.

The decisive one feature of new pricing policy was the Transition from before practiced surveillance to "Education" the Prices. The Reich Commissioner for Pricing was given comprehensive powers and a comprehensive organization to carry out its task. This was intended to "monitor pricing for goods and services everyone Kind, especially for all the needs of everyday life, for the entire agricultural, commercial and industrial sectors industrial production and for the movement of goods and commodities of all kinds as well as for other considerations" <sup>29</sup> be made possible. The activity of the price commissioner could decrease this definition at all Pricing facts to which for example Interest or club contributions, but not wages, were also to be taken into account. The pricing policy was with it as well full in "factual-horizontal Direction" <sup>30</sup> as in regional terms. It could start at all stages of the price formation process (vertical), in production, distribution and consumption and thus enforce "completely economically justified prices". Price formation should be influenced by the "Determinants" of prices - so that one Cost - be practiced. But that meant: No more correction of the market price, but rather official setting of the price, which went far beyond simply fixing the previous level could go.

The first major significant pricing policy measure of the Four Year Plan era was the Price stop regulation from the 26. November 1936 <sup>31</sup>, the retroactively for the

<sup>27</sup> The basis formed the Law to secure the Grain prices ahead September 26, 1933, RGBl I, 1933, p. 667.

<sup>28</sup> The number of cartels was over by the law Establishment of coercive cartels July 15, 1933 (RGBlI, 1933, S. 488f.) been increased significantly to those affected To move economic sectors out of the crisis-related loss zone. These cartels later developed one great pricing policy activity and thus jeopardized the stability of the price level.

<sup>29</sup> Law implementing the four-year plan. Appointment of a Reich Commissioner for price formation. From the 29. October 1936. RGBl I, 1936, S. 927f.

<sup>30</sup> W. Meinhold, Total Price Formation. A contribution to the identification of pricing policy in the four-year plan, J. f. Nat. and Stat., Vol. 149, 1939, P. 568.

<sup>31</sup> regulation above the Ban from price increases, from the 26. November 1936, RGBl I, 1936, S. 955.

October 29, 1936 initially banned any price increases. The fixation achieved thereby the existing price level and price structure should be the starting point for the upcoming pricing policy be. The Price Commissioner thought included did not believe in a rigidity and a final freezing of the price structure, as the policy of exemptions that soon began shows, and did not aim for that to one specific point in time fixed price structure, but one stable Price level. The relationships between prices could therefore be changed considerably. From the outset, the price stop regulation also included the possibility of voluntary price reductions - no matter how little practical significance that might have - and man looked beyond that one Row of exceptions before.

Two questions in particular had to be addressed theoretically and practically by the pricing authorities answered become: What was underneath? the desired one to understand the "economically justified" price? And what facts should the pricing policy be based on? The problem of the economically correct price only became through a tautological trick solved and stayed with it factually unclear:

"A economically more correct Price is ... then before, if the price shares of the individual economic groups in the final price correspond to the value of their output for the national economy are equivalent to. " <sup>32</sup> The attribution problems and the evaluation of performance were not clarified. Since it was impossible to formulate more than such formal principles, the solution had to be sought where pricing began, with costs. With the help of a variety of guidelines and regulations became the control of the calculation and the The aim is to determine the price based on the costs. This was most accurately done for pricing orders the public sector, as on the 30th October 1938 the "Ordinance on the price determination based on the cost price for services for public clients was enacted, supplemented by the "Guidelines for Pricing for Public Contracts" (RPÖ) and the "Guidelines for the Price determination due to the cost of goods sold for services for public clients" (LSÖ) <sup>33</sup>. The guiding principles unify the Art the Cost determination and prescribed calculation and profit margins, with the starting point for operational price setting being the prime costs. This regulations were not only for all state relevant bodies, but also became very important for the pricing of non-public clients.

One just cost-oriented pricing policy meant compared to before barely a fundamental change, since the principle of... Cost price, provided with a markup, had enforced. To that extent was the market price - made up from the free one Game from Supply and demand - for a long time become meaningless. One such politics alone would have also still no active Production control

<sup>32</sup> W. Meinhold, Economic Principles the Pricing in the four-year plan, a. a. 0., S. 587.

<sup>33</sup> In addition gives it one extensive Literature. Pointed out be here only on *Hess-Zeidler*, Commentary from the RPÖ and LSÖ and others Decrees, 1943.

made possible, as they strived for in the interests of armaments and four-year plan industries became. This steering became first with a Variety additional Decrees - her Number increased itself until 1940 on about 7000 <sup>34</sup> - for the Part realized. The Decrees made it easier Companies, for example the adaptation to the Change in foreign raw material prices or brought production incentives How in the event of the price policy fertilizers or raw materials and substitutes. There was a lack of pricing authorities four-year plan not of imagination and Elasticity. With a variety of price types - minimum prices, maximum prices, range prices, fixed prices - various forms of processing and distribution ranges and price reductions attempted to stimulate or reduce production in individual sectors <sup>35</sup>. A large incentive went above all from the ceiling prices, With the help of which the entrepreneur, once the price had been determined through cost calculation, could increase his profit margin by further reducing costs. The involvement of business groups and specialist associations in the price design also had an indirect stimulating effect, as they established calculation principles, carried out cost comparisons and standardized calculation schemes with the support of business practitioners.

The abundance of instruments should not obscure the fact that in the three years up to the outbreak of war, the price authorities were too busy "equalizing" price relations and maintaining price level stability to achieve new goals on a large scale. The period was too short for experiments. It has shown, that an indirect one Control of the Production, like she represented the pricing policy, for the Solution to the armament and four-year plan goals was only of very limited use because the It took too long for entrepreneurs to adapt. Therefore, when necessary, direct control (management) dominated the raw materials etc.), and despite more diverse approaches played the Price policy only plays a subordinate role in the realization of the plans. Its most important task remained the stabilization of the price level, with which it at least made a considerable indirect contribution to the implementation of the plan. Here the pricing policy was also very successful: the price index for the cost of living rose by just under 5% between 1934 and 1939 and the wholesale prices for industrial finished goods even fell slightly in the important area of means of production. Overall, the overall index of all wholesale prices increased by 8% in 1934/39, so annually around hardly more than 1% <sup>36</sup>.

The *wage policy* was standing in tight Connection with the Pricing policy. The Main-

<sup>34</sup> On this *Heinrich Rittershausen*, State pricing policy on contemporary German markets, World Economic Archives, Volume 52, 1940, p. 421.

<sup>35</sup> Please refer *Serious Wagemann*, Principles of pricing policy, in: quarterly magazines to Economic research, 12th year, new series, 1937/38, issue 1, pp. 20-33. The principle of the sales price guaranteed by the Reich, such as in the so-called gasoline contract from 1933 (Dole NI-881), at Brabag (doc. NI-3975), at Scholven A.-G. and other plants also falls within the scope of price policy measures to stimulate production .

<sup>36</sup> Stat. Manual from Germany 1928-1944, S. 460ff.

goal was too here after 1933 the "stability". You formed the Requirement, that the wage policy - as it was openly stated - "The rearmament of the German Wehrmacht... "could be of service" <sup>37</sup>. Since the The state needed a constantly growing share of national income for its policy of military and armaments mobilization Share of employee income always further pushed back become. The could at the simplest above the

"Freeze" the Wages and wages reached become. One enlargement of the state share inflationary effective Money creation stood first the Fear of inflation the Population and one seemingly orthodox attitude leading economic politician in contrast to. Actually walked Take this route too soon, yes tried he right successful, the illusion of stability to maintain. At dem Army of millions of the unemployed was it in May In 1933 it was relatively easy to freeze wages at a low level for the workers, who had been deprived of their representation of interests level the To impose a global economic crisis. Parallel with the occurrence of bottlenecks on dem labour market the wage freeze was implemented individual Industries however 1935/36 always more often bypassed. The workforce succeeded it, in the focal points of the Despite the labor shortage the regime's anti-worker policy, real wage increases in the form of Operating allowances and To enforce bonuses that are not directly dependent on the collective bargaining policy provisions the Trustee recorded became. Many size Pursue were to such Ready to make concessions, there they rising wage costs about the prices again the public ones and private consumer were able to roll off. The workers finally gained an ally in the DAF not though around the the real interests of the working class, but which tried to achieve partial support for the workers' wishes her own position within of the National Socialist organizations strengthen. Between the trustees and dem Ministry of Labor on the one hand, the on one strict stability the Wages penetrated, and the DAF on the other hand, the to conscience tactical Concessions at the Workforce ready was, came it therefore to violent disputes, at those Göring soon on the Page the trustee presented and very clearly any wage policy activity the working front rejected <sup>38</sup>.

The endangered wage stability moved Göring, after all, too Wage policy in the four-year plan to incorporate. Above all, it was about... Activities of the trustees through the Workforce business group to monitor and coordinate, around a rectified one wage policy to force. Practically one came However, not beyond monthly discussions, so that the independence of the Reich trustees barely narrowed down became and the DAF also furthermore the Possibility

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<sup>37</sup> *Werner Mansfeld*, Principles one real wage policy, in: *The Four-year plan 1942*, S. 229ff.

<sup>38</sup> On the DAF-Ministry of Labor conflict please refer Correspondence between Ley and Seldte from July 1957, BAR 45 II/550; to Support of wage expectations of the workforce through the DAF see the writing the business group Work use (Mansfeld) at Goering from the 24. +. 1957, BAR 45 II/555a.

owned, in individual sectors - depending on the willingness of the individual trustee to make concessions - Perks for the workforce to to reach <sup>39</sup>. The result was separate corrections of wage structure, the sometimes even the The intentions of the four-year plan authorities corresponded as far as incentives in areas important for armaments were concerned created and unimportant for armament branches (e.g. textile workers) were discriminated against. The main goal of the wage policy of the Four Year Plan, that of the state and industry desired stability of wage levels, became through smaller However, partial successes of the workforce are not called into question overall. This is shown in the following Lineup <sup>40</sup>:

Table 15

The Development the Wages and the Wage rate from 1928-  
1938 —  
(1932 = 100)

Year	nominal Hourly wages		effect. Hours-	effect. weekly	effect. weekly	Portion the Wages at the People's Purchasing (%)
	tariff	effect.	wages real	wages nominal	wages real	
1	2	3	4	5	6	7
1929	122	133		149	118	56.6
1932	100	100	100	100	100	57.0
1933	97	97	99	102	104	56.0
1934	97	99	99	110	109	55.5
1935	97	101	99	112	110	54.6
1936	97	102	100	117	112	53.5
1937	97	105	101	121	115	52.7
1938	97	108	104	126	119	52.4
1939	98	111	107	131	123	51.8

Columns 2 and 3 show that the trustees The agreed hourly wages do not show the real picture, as the nominal ones actually paid (ie not price-adjusted) hourly wages between 1933 and 1939 increased by an annual average of 2.2% . Measured in terms of purchasing power, hourly wages rose but respectively only around 1.3%, the Weekly wages around 2.8% (there at the same time the Number the performed working hours ever Week rose). This increase rates were that is not with the desired stability identical, but compared to one annual rise of real national income from 8.2% and the U.N-

<sup>39</sup> For wages and Tariff policy in the individual Industry sectors and Regions please refer the monthly reports the trustee of work from February 1937 to March 1939, BAR 43 II/528.

<sup>40</sup> The Declarations became from *Gerhard Bry*, Wages in Germany 1871-1945, Princeton 1960, S. 233ff. accepted. In dem plant from Bry finds itself one detailed analysis the Wage development during the third party Rich. The Wage rate became after the information calculated in the Statistical Yearbooks for the German Reich, 1934-1941/42, part of the economic balance sheet.

distributed Wins the Corporations from 36.5% <sup>41</sup> very small amount, so that the Wage rate (i.e. the share of wages on national income) constantly decreased (column 7). With it realized the regime his Intention, with Help the Wage policy allocates a growing share of the national product to private consumption revoke and once above fast rising Wins the Pursue the On building new ones Industries to promote, for the others above a rising share of the state the immediate armor to carry out <sup>42</sup>.

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<sup>41</sup> Calculated after Declarations **in the** Statistical Yearbook for the German Empire, 1941/42, S. 605. The annual average for 1954/59 was used for the undistributed profits, as taking 1955 into account distorted the figure upwards Win rate result would have.

<sup>42</sup> After Calculations from *Rene heritage* (The National Socialist economic policy, a. a. O., S. 100f.) was the share of private consumption in the gross national product on average the Years 1955/56: 68%, 1958: 59 %, the proportion the Government spending (current spending and defense spending) 1955/56: 19%, 1958: 26%. If you look at them *distribution* of the national income, so shows itself, that the Portion the undistributed Wins the Acquisition companies of 1.8% (1928), over 5.1 % (1955/56) on 4.9 % 1958 increase.

#### IV. THE STEERING THE INVESTMENTS

Quotas of raw materials and control of labor served as instruments for implementing the plan ultimately influencing investments and were of paramount importance in this respect. In addition, there were those measures the in narrower senses direct or indirect way the level and direction of investments certain.

The most important direct-acting instrument was investment control. She has hers origin in the "Law to Construction from coercive cartels" from the 15. July 1933 <sup>43</sup>, the authorized the "Ministry of Economic Affairs" to for the purposes the Market regulation Business mergers and Investment bans to feature. With help from Cartels and the restriction the capacities should the private sector overcoming the Great Depression relieved become. At the same time with dem Decree The Law made the Ministry from the with it created opportunity the Investment bans for one Row from Industry sectors Use. The State decreed with it those Measures, the ones in Overall interest the sectors of the economy at risk were and led so the competitive capitalist ideology of the Overcoming crises through private initiative finally ad absurdity. In the subsequent period the changed original Meaning of the law: It developed since the beginning of Four-year plan to one of the most effective Instruments investment management, nothing more to do with that previous purpose of the to overcome crises had. With his help were now unwanted Investments forbidden to the capacities the construction and Equipment industries for the Construction the Armament and four-year plan sales to keep free. From the Investment ban were different branches the Consumer goods industry affected, before everything the textile industry, on the 1937 the majority of all existing Bans were eliminated <sup>44</sup>. With the start of the four-year plan the state also had the up to that point in its investment policy free Industry sectors his Control. Each larger Project needed the official permit after Proviso the military economics Needs. Special The importance came from this Investment control for everyone larger construction plans and in the iron, fuel and Light metal industry to <sup>45</sup>.

Not to the direct investment steering instruments belonged the Interventions

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<sup>43</sup> R.GBl I, 1935, S. 488.

<sup>44</sup> A list of the affected industries can be found in the National Socialist Yearbook Business, 1937, S. 554f.

<sup>45</sup> Through the "Fourth arrangement to execution of the four-year plan the Securing the workforce and the need for building materials for areas that are important to the state and the economy construction project" from the 7. November 1936 (Reichsanzeiger dated November 9, 1936) all civil engineering projects with wages of more than 5,000 RM were subject to approval (at public Plan 25 000 RM). The Investment control



in production design, the A variety of production and market regulations, but they also influenced the structure of investments <sup>46</sup>. These included the manufacturing regulations (restrictions, bans), processing and processing permits, purchasing and procurement permits and sales and distribution restrictions, but only those until 1936 became more important. During the four-year plan period, they were mostly replaced by direct allocation and quotas of raw materials. At this time, individual measures still had an effect the compulsory admixture from rayon to wool products, but for investment management overall is meaningless were.

Monetary and capital market policy also became an instrument of state economic control in 1933. The ambitious rearmament plans could only be achieved ver real, if the State the necessary financing resources for his projects. In addition to additional credit creation using mefo bills and tax vouchers, the capital market was created in 1933 for the needs of the government reserved and the private companies the emission from Pfandbriefe, bonds and shares prohibited <sup>47</sup>. Private emissions thus fell to a fraction of previous years, while the public bonds increased enormously <sup>48</sup>. In 1933/36, private entrepreneurs were relegated to self-financing, which only enabled large companies to make sufficient investments. When in 1937 the financial needs of the four-year plan companies became ever greater, they had to The capital market should also be reopened for private companies, as the companies' profits alone were not sufficient for financing. Since then, private issues have grown increased again, but without their previous share to to reach. Compared to 1936 they rose Industrial emissions 1937 by 60% 0.75 billion RM, so that in this one first Year of four-year plan even Half of all planned investments could be financed from capital market funds, including Gelsenberg-Benzin-AG with 55 million. RM and the "Union Rheinische Braunkohle Fuel AG" with 45 million RM <sup>49</sup>. Through the raw materials office and his Department "Financing" caused opening of Capital-

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was issued with orders dated September 16th. and 31. 12. 1937 on the total iron and Steel industry expanded, the fuel industry was expanded with a decree of August 24, 1938 (RAZ 1938, No. 199), aluminum at the May 8, 1939 (RAZ 1939, No. 106), Magnesium am May 10, 1939 (RAZ 1939, No. 108) recorded.

<sup>46</sup> A more detailed overview that is still informative today is given by *Otto Nathan*, *The Nazi Economic System*, Durham/North Carolina 1944, p. 140ff.

<sup>47</sup> For that became no formal Law enacted, rather at the 31. 5. 1933 a Committee under Management of the Reichsbank President was formed, which was responsible for auditing and controlling the capital market. See *Friedrich Müller*, *Reichsbank and capital market*, series of publications by the State Bank Berlin, 1937, I, p. 132.

<sup>48</sup> After Declarations the *Reichskreditgesellschaft* (Germany economic Position in the Mid-year 1939, S. 53) deceive the private Emissions in the Annual average 1926/1928 2.5 billion R\_ "11, the public RM1.3 billion. The annual average for 1935/36 was private Emissions at 0.46 billion, the public ones at 2.1 billion RM.

<sup>49</sup> The information from G. *Mackenroth*, report on the four-year plan, in: *Yearbooks for political economy and Statistics*, Vol. 148, 1938, P. 716.

market, the average annual emissions were between 1937 and 1942 on approximately 900 mill. RM, the was that Double of the years 1935 and 1936. This benefited almost exclusively in terms of fulfilling the plan Companies participating in the program of the four-year plan were.

A similarly selective credit management policy was pursued on the money market in order to prevent companies from resorting to bank loans. On the 5th 12. In 1934, with the Law on Credit, the government completed the state supervision of credit institutions, which had already been expanded by the Brüning government <sup>50</sup>. By fixing interest rates - not unlike the dividend freeze for stock corporations, which the government uses to provide additional funds Reich bonds activated <sup>51</sup> - and the registration requirement for loans over 1 mill. RM at the Reich Commissioner for the Credit system, supplemented by the control of all business transactions by the credit supervisory office, the state was able to direct the money market entirely according to its interests. When maximum lending rates of between 10% were set in the summer of 1936 and 15% of Equity lay, could be done by way of Bank loans no longer allow investments to be financed against the will of the Ministry of Finance or Economics.

With the precautions described so far for investment and production control and the capital and money market policy, it was possible to prevent any unwanted investment, that is, any investment that did not correspond to the regime's military-industry intentions. In this respect, these measures were a prerequisite for the implementation of the plans, even though the four-year plan was not directly linked to banking supervision. However, this did not guarantee that desired Investments really took place. For that had to the

„negative“ acting Instruments through positive Incentives added become.

This were influenced by the well-known economic policy Means of state support policy achieve that was expanded considerably in the years of the Four Year Plan, so that it only was still somewhat comparable to the relatively modest subsidy policy of earlier years. What was new about the National Socialist subsidy policy was her broad approach, the more than just selective state aid went out, and the extensive Elimination of entrepreneurial risk. The showed itself

For example, in the four years 1936 to 1939, fewer bankruptcy proceedings were opened than in the boom year of 1928 alone.

It different forms can be used State support differs from four-year plan projects (and other “nationally important” projects). are before everything the Subsidy, the Customs service- and Foreign trade policy and the

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so RGBl I, 1934, S. 1203ff.

<sup>61</sup> In the "Law above the Profit distribution at corporations" from the 4. 12. 1934 (RGBl I, 1934, S. 1222f.) became the Greme for the Dividend distribution at 6% firmly placed, except whol before 1933 the dividend already about it lay. In this one case lay the Greme at 8th %- The about it outgoing dividend became at the German gold discount bank transferred and served dem Rich as Bond stock.

State guarantee of profitability and sales, which is mostly concentrated and in many different forms Combinations applied became. Typical shape the direct Subsidies were grants and loans for specific projects in the four-year plan. The proportion the Reich grants at the Total funding of The first year of the plan was 13%, which was mainly used in the light metal and rubber industries. Lost Reich subsidies (especially for basic research) were exchanged on dem Area the Substitutes <sup>52</sup>) with long term Loan.

·As already shown, the Raw Materials Office increasingly relied on direct Reich subsidies from 1938 onwards back to that to maintain the planned construction pace. Important examples were the subsidization of IG-Buna production and the support of the Mansfeld copper works, the already since 1930 subsidized by the Reich were and off 1937 received annual grants of 25-30 million RM <sup>53</sup>. The Total amount of Reich loans for purposes of four-year plan amounted to End 1941 on 1.3 billion RM, of which Reichswerke Hermann Göring alone accounted for 1.1 billion <sup>54</sup>.

The indirect ones Imperial subsidies included guarantees, tax discounts and Ver concessions and reductions in transport tariffs. The amount of guarantees in the territory the commercial raw materials industry was on the 1st. Yes, only 1941 420 mill. RM, the itself on mineral oil works (Brabag), the metal ore mining and other four-year plan companies distributed <sup>55</sup>. The importance of the guarantees went beyond the absolute amount, as they had a significant multiplier effect by increasing a company's creditworthiness. The starting point for the tax preferences was the "Law on Tax Relief" of July 15th 1933 <sup>56</sup>. After that they could Current taxes can be reduced or waived as soon as there is an "overwhelming need for the entire economy". Just as with the antitrust law, this occurred original intention of legislature, the overcoming crises, 1936/37 completely into the background. The main purpose was to promote the raw materials industry, especially new manufacturing processes and products. The raw materials office fell therefore had a decisive influence on the decision as to whether an "overriding need" existed. If the answer was yes, the current income taxes of the company in question were reduced and at the same time it was granted high depreciation rates in order to increase its income Financing power and with it the Investment incentive to enlarge. Tried later the responsible Authorities again, the high Depreciation rates to

<sup>52</sup> The current funds of the four-year plan institutes was 1938 482000 RM, in funds for The construction was 1,545,000 RM provided. Further information to support the Research in the Situation report the Reich office for Economic expansion from the March 1, 1939, BA Wi IF 5/2015.

<sup>53</sup> At the 23. 7. 1930 was between dem Rich, Prussia and the Mansfeld AG a are equivalent to the Contract completed been, the in the BA, Duration RFM, R 2/15345 is present.

<sup>54</sup> Please refer the Compilation of Reich Ministry of Finance above the Height the Loan from budget funds, BA, portfolio RFM, R 2/13424a.

<sup>55</sup> Lineup of Reich Ministry of Finance above the Height the Guarantees at the 1. 1. 1941, BA, stock RFM, R 2/13+24.

<sup>56</sup> RGBI I, 1933, S. 491.

reduce the path in order to make it easier to control the open subsidy.

Closely related to the subsidies was the economic guarantee contract, which was implemented through the pricing policy. It meant complete security opposite any risks of market, there the Country dem Companies guaranteed price and sales for a specific product for years. The product price was set in such a way that it covered the cost of goods sold, interest and amortization of the capital and a "reasonable" profit. The fixed sales price in turn created an incentive to reduce costs and thus also to Rationalization of production, which was sought by the state. The purpose of these treaties was to enforce new ones Substitutes, their production costs were initially higher than the corresponding natural products. The most important examples were mineral oil, textile fibers and synthetic rubber. The risk-free profit and the Term of the contracts over the amortization the Investments out meant a strong stimulus for companies' investments. The state sales guarantee was also objectively justified in that the state had control over the Wehrmacht and those dependent on it Defense companies themselves the Main demand for Fuel, Rubber and other raw and substitute materials was.

The third instrument the state Support policy formed the Customs service- and trade policy, their task it before everything was that domestically to the promotional measures taken the economic competition of abroad to shield. Stronger than before came into the years of the four-year plan "Educational Customs" at those Industry sectors in the Foreground, the particularly developed should be. The applies in turn before everything for Mineral oil, Plastics, Buna and rayon. The Meaning of the Customs policy can be started two examples show: In Years In 1935 the duty was 13.- per 1000 kg of gasoline. RM. In December 1936, at the suggestion of the Raw Materials Office, the Ministry of Finance increased the rate by over 50% on 21.- RM, so the paragraph the new buildings hydrogenation and synthesis works also both private consumers secured was. The increase meant, that the synthesis products, whose Production costs in the inland approximately double so high were like those the imported gasoline, full competitive became, there the Customs more as half of the end consumer price was <sup>57</sup>. Another, particularly important case for the Interlocking from Customs policy and Investment promotion was Artificial rubber, for him a so-called sliding tariff was introduced, which Domestic price for natural rubber was fixed at a relatively high level. The world market price fell Rubber, the increased automatically tariff rate, the e.g. B. in May 1937 at 125 RM/dz lay, a half Year later at 160 RM/dz and in March 1938 at 170 RM. These customs revenues (In 1938 with an import of 108,000 to approx. 185 million RM) the IG Farben and other companies came in the form of Reich loans to Investment financing the Buna facilities served, benefit. Similar methods How at Buna and mineral oil practiced the Government office also for textile raw materials

<sup>57</sup> Please refer *George Kepper*, The Development the Fuel prices on dem World market and in Germany, in: *The German Economics*, 1958, No. 14.

materials and various plastics, so that in this way effective investment and Production incentives exercised become could.

In addition to the state support policy, other drastic means of “positive” and direct investment control were the arrangement of so-called compulsory communities or the establishment of state-owned companies. This was therefore a direct state intervention that either had a certain Behave the Entrepreneur forced or the private sector in the interests of the desired investment policy turned off. In the case of compulsory community, companies in one industry or processing stage were brought together, around the Funding resources for Investments to raise, which gained greater importance, especially in the mineral oil and textile fiber industries, in the years 1934/36, while the compulsory community only in the period of the four-year plan was still rare. The most important example of the founding of companies as a state was the Reichswerke Hermann Göring. Although the Four Year Plan authorities recognized them in 1937 as an exception to the As a rule, private-sector entrepreneurial activity was interpreted, cases of direct state activity later increased. But that did not mean a fundamental change in attitude towards the private sector Entrepreneurship, but limited itself most of time on those areas, in which the economic risk would have been too great for a private company. Overall, the subsidy practice - and that is one of the most important results of this Four Year Plan policy - especially private companies in a previously unknown area extent on Cost the Population promoted. The applies However, not for all areas of the economy, but primarily only for a small group of corporations (the also personnel closely with the Planning bureaucracy intertwined were), so that the state support policy increased the tendency towards ionopolization.

The New the Investment management opposite the Time the “Weimar republic consisted in the more diverse combination of administrative and market economic methods, in the concentration of already known means on armaments and defense projects and finally in the use of new methods of state support policy completely eliminated the economic risk for some industries. Regardless of the partial non-fulfillment of unrealistically high plan estimates and the insufficient coordination of the sub-plans from the beginning at the V\Effect every instruments limited, was the Investment management

- negative in curbing undesirable investments, positive in stimulating desired investments - successful. This success was not so obvious for the narrower area of four-year raw materials planning only because of the investment management also others aim again armor or the Party buildings served.

## V. THE STEERING OF CONSUMPTION

The use of the national income and thus also the limitation or expansion of the for consumption can be effectively influenced. And in this way it was possible to reduce consumption Population in favor of armaments and Investments strong to throttle. Against it came the direct steering of consumption until In 1939, when the comprehensive management of important consumer goods began, only one subordinate, although not entirely insignificant role too.

At the Attempt to Consumption control went it before everything about the following Goals <sup>58</sup> :

- (1) Deflection the demand from goods in short supply on plenty existing Goods,
- (2) Limitation of consumption from imported goods,
- (3) Adaptation of consumption to the partially decreasing supply, for everyone visible and politically unwanted shortage situations to avoid,
- (4) Replacement from higher quality through low value Goods.

Around the To achieve the desired shift in demand, there would be two Quickly acting means were given: rationing of consumer goods or a massively effective one Pricing policy. The Allocation economy in peacetime could the But the regime is over Found domestic political Not stability risk, although already in the fall of 1935 once the introduction the bread menu to debate was standing. Only with fat was the regulatory Management not to avoid <sup>59</sup>. She should after the The official version is to reduce fat consumption by 25% (measured against consumption in 1935) in order to build up raw material industries through more imports from raw materials support financially. There as a result of introduced wage freezes There was also hardly any room for an elastic pricing policy before especially those with lower incomes layers the Population met would have, stayed until for the Essentially just the beginning of the war the indirect consumption control, ie the propaganda influence consumers, around demand at adapt the offer.

The general norm for this propaganda should be: "Diet should be... basically on the products of German floor set and itself the seasonal progression the generation and adapt to the harvest." <sup>60</sup> What is below in detail? to understand was would with the help of an investigation of the Institute for Economic research set <sup>61</sup>. Under consideration the domestic He-

<sup>58</sup> *Arthur Schweitzer*, The original four-year plan, a. a. 0., S. 585ff.

<sup>59</sup> *Herbert Backe*, Why was a new regulation of fat consumption and fat procurement necessary? The Four-year plan 1957, p. 4-8.

<sup>66</sup> *A Moritz*, Valuable additions to generation battle, The Four-year plan 1959, S. 117ff.

<sup>61</sup> Institute for economic research, "Popular nutrition out of German Floor", Weekly report from December 9, 1956.

The bearing situation, nutritional physiology and import options were formed three groups of foods. The first included foods where... Four Year Plan Office wanted greater consumption (potatoes and potato products, fish, sugary spreads to replace fats, skimmed milk, German vegetables), secondly, foods for which constant consumption seemed possible, such as pasta, eggs, peas, honey and milk, and thirdly, in which a reduction in consumption is considered necessary held (Fat, Wheat bread etc. a.). The trend was going there, the higher quality foods through those with less Nutritional value to replace.

Accordingly this Investigation developed man under consideration seasonal to Disposal standing products (like Vegetables, Fruit Etc.) certain dietary guidelines. Meeting since 1937 every month under the chairmanship of the head of the business group Nutrition in the Four-year plan one working group for consumption control, which meets the nutritional guidelines of month and the respective advertising material set <sup>62</sup>. This recommendations became then with huge Propaganda effort above the Party authorities the end users known made, in the Hope the consumer would put that in him set expectations fulfill. Besides stood targeted Actions How "Battle dem spoilage", the through reduction of the waste the care improve should. Actually could in this way some modest results achieved will the but overall probably not the propagandistic effort corresponded. For example tripled the Paragraph of jam in the Years 1937/38 compared 1933, also rose Fish consumption considerably, while itself the Fat consumption until 1940 around 15% decreased.

The food industry steering measures were supplemented by corresponding campaigns for textiles and other consumer goods, around the To overcome reservations regarding the "substitute" character of the new plastics In a broader sense, propaganda is also for the use of new materials in the industry the Consumption control to be attributed. Non-ferrous metals and iron should through plastics, plastics and Wood raw materials replaced become. Exhibitions like The Reich exhibition "Creating People", advice to companies and educational advertising articles (especially in the magazine "The Four Year Plan") served this goal. Despite these diverse activities, consumption control was overall within the framework of the Control measures not very significant. It only served as a supplement to the various types of production and investment control and even within this limited one Frame was hers Not successful large.

Consumption control completed it, so to speak economic policy Instruments of the four-year plan. Together with fiscal, wage and price policies, it made it possible to divide national income according to state income arms interests, then, added from investment management, work

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<sup>62</sup> A. Moritz, aa 0. The working group included representatives of the Propaganda Ministry, the Reich Propaganda Management, the Wehrmacht, the Reich Nährstand, and various party divisions and the professional associations concerned.

use and raw material management, the desired control of investments. The control was thus implemented through restrictive and stimulating methods; the means had a direct and indirect effect, influenced financing or had a direct impact on the sphere of production. Other starting points for state influence were hardly conceivable. This comprehensive control was necessary if you... wanted to implement state armaments and investment programs, especially since a “market economy” Adjustment to the military economy requirements to tedious and given of high Given the degree of monopolization of the economy, it would hardly have been possible. As a whole, the planning instruments worked well in the spirit of the war economy objectives of the national socialist state. This shows It's best to remember how quickly with hers Help the armament could be achieved. That nonetheless the The fact that four years of planning were not fully fulfilled was not because the instruments were useless, but rather because the control apparatus was used more for immediate armament than for the four year plans used.



## FOURTH PART

### EFFECT AND MEANING OF FOUR YEAR PLAN

## I. CHANGES THE ECONOMIC STRUCTURE

Before the changes in the economic structure brought about by the four-year plan are presented, a statistical balance sheet should provide information about the success or failure of the plans. This only answers whether the planned goals were achieved, but not whether the four-year plan for that the was the most suitable instrument or the targets themselves for the German autarky and armament efforts were sufficient.

The the following Overview!, in the the absolute Production figures all Industrial planning areas (chemicals, mining, energy, iron and metal producing industries) are compared with the planning of the raw materials office shows quite different results. The plans were only made for aluminum, synthetic textile fibers, electricity generation, zinc ore, Metallurgical zinc and Brown coal fulfilled or exceeded. Measured at the Planning, the result biggest failure in petroleum production; the desired goal could only be half achieved. Nevertheless, the increase in production here and in other areas was still quite significant. This applies above all to the new chemical synthesis products, at those average annual Growth rates until are more than 100% detectable: At Production of leather substitutes increased by an annual average of 27% plastics around 29%, at rayon around 38%, at Tannins around 41 % and with Buna even by 123% and even with mineral oil production between 1936 and 1942 on the grew three and a half times, the growth rate was still 23%. In addition to these very expansive sectors, growth in the other areas was more modest. For industrial oils and fats, the chemical base materials (soda, caustic soda, chlorine, sulfur, nitrogen) and light metals the growth rate fluctuated between 4.5% and 19% (sulphur). an average of 12%. You can see from war-related Special case of powder and explosives production, This leaves a third group with stagnating or only slight growth. This included mining and iron and metal industry, where With the exception of zinc, there is a maximum Growth of 11.5% resulted. This quota achieved for iron ore was far higher than that of the other sectors; Production even declined in various sectors. Responsible for this were war-related production restrictions, the greater concentration on finished goods, the substitution of heavy metals for light metals, but not least the gradual exhaustion the German ore mines.

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<sup>1</sup> The information was taken from official statistics, the overviews of the Reich Office for Economic Development (BA EAP 66-c-12-62/61, EAP 66-b/40) and GBchem (Doc. *NI-8915*, p. 20, p. 6) taken.

*Table 16:  
overview above the Production development on the areas of four-year plan*

subject area	(1) generation 1936 in 1000 year	(2) 1938 1000 year	(3) 1942 1000 per year	(4) increase 1936-1942 _ 1936 = 100	(5) Planning 1000 year	(6) Plan fulfillment for 1940 or. 1942 in%
1. mineral oil	1790	2340	6260	350	13830	45
2. aluminum	98	166	260	268	273	98
3. magnesium	13	13	30	230	36	83
4. Buna	0.7	5	96	13700	120	80
5. Plastics total	25.8	53.4	119.3	463		
a) hardenable	24.6	50.0	75.0	305		
b) plastic	1.2	3.4	44.3	3692		
6. Leather substitutes	14.5	23.0	61.0	421	65	94
7. Synth. tannins	1.8		14.0	778		
8th. Nitrogen	770	914	930	121	1040	89
of that more technical Nitrogen	84		245	292		
9. Basic chemicals						
a) sulfur	45	72	123	273	301	41
b) sulfuric acid	1440	1850	1890	131	2447	63
c) chlorine	190	230	465	245	500	93
d) caustic soda	270	350	650	240	800	81
e) soda	800	940	1350	169	1995	68
10. rayon	42.8	154	300	700	146.5	206
11. Artificial silk	45.5	65	90	198	64.9	138
12. Industrialists oils u. Fats	64.4	57.9	120	186		
13. Explosives	18	45	300	1667	223	135
14. powder	20	26	150	750	217	69
15. Electricity generation total (bn. KWH)	42.5	55.3	71.5	172		
16. iron	15302	18045	15332	100	19500	72
17. steel	19216	22656	20480	106	24000	80
18. Lead	153.4	185.2	148.9	97	218.5	73
19. copper	61.4	68.8	41.1	67	75.9	54
20. zinc	136.4	194.4	314.1	222	264.6	128
21. tin	7.4	7.9	4.0	54		
22. Iron ore	2255	3360	4137	182	5549	90
23. lead ore	64	96	99.8	156	111.3	90
24. copper ore	29.3	30.0	24.0	82	35	68
25. zinc ore	163	220	276	169	222	100
26. Brown coal	161382	194985	245918	152	240500	103
27. Hard coal	158400	186186	166059	105	213000	87

In the overview were in column 5 in the Rule the Plan sets of military economics generation plan from 1938 (Subject area 1-4, 13, 14) or. the Overall planning from the February 1939 (Subject area 9, 16-27) used, there this the Planning of Year 1936/37 replaced. In some cases became the Planning from the May 1937 (Items 10, 11) underlying placed. As Comparative years became the Years 1940 (Pos. 16, 17, 22, 26, 27) or. 1942 (at the remaining, in Split 6 listed positions) selected. Because of this different points in time the results are not

fully comparable.



So there were great successes - compared to the planning - disappointing results. After all, the authorities needed the result of their industrialization policy in total not unsatisfied to be, consider man the diverse economic, technical and before everything also organizational Difficulties, the the Progress of the four-year plan work always inhibited.

The weight of the four-year plan for the entire industrial production cannot be determined quantify, there one summary calculation of Industrial turnover of the four-year plan plants is not available. The estimate of the sales value may serve as a guide production in the New systems of the chemical Generation plan serve, the himself only a part of Four-year plan was. Thereafter believed The sales value in 1942 was 3.5 billion RM, which corresponded to 6% of the gross production value of the entire industry <sup>2</sup>. This quota brings but only insufficient

Table 17

## The Development the Four-year plan- investments

Year	Gross social product <sup>3</sup> in billion RM	Gross fixed assets- investments <sup>4</sup>		Industrialists Investment- investments <sup>5</sup>		Four-year plan- investments <sup>6</sup>	
		In billion RM	in% of social prod.	in billion RM	in% the folk Attachme nt- Inv.	In billion RM	in% the Indian At- location- inv.
1928	88	13.7	15.5	2.6	19.0	-	-
1935	73	10.3	14.1	1.6	15.5	-	-
1936	81	11.4	14.0	2.2	19.5	0.75	34.0
1937	91	12.9	14.2	2.8	21.7	1.50	53.5
1938	115	15.3	13.3	3.7	24.2	1.95	52.7
1939	129	17.2	13.3	4.4	25.6	2.10	47.7
1940	132	15.3	11.6	4.3	28.8	2.49	58.0
1941	137	15.0	11.6	4.6	28.9	2.49	54.0
1942	143	15.2	10.6	4.9	32.2	1.97	40.0

<sup>2</sup> Information on the sales value of the new plants, document NI-8915, p. 9, on the gross production value of industry: The German economy two years after the collapse, aa 0., p. 264f.

<sup>3</sup> The information refers to the respective Territorial status. The data about development of the gross national product the calculations of the Federal Statistical Office based on. See economics and Statistics, 1954, pp. 65ff. For the years onwards 1958 were the Calculations from *Burton Small*, aa 0., S. 257, used.

<sup>4</sup> *Gerhard Gehring*, One Time series for the physical capital stock, IF0 studies, 1961, S. 55.

<sup>5</sup> See Statistical Handbook of Germany, 1928-1944, p. 605; *R. Krengel*, The long-term development of gross fixed capital formation in West German industry from 1924 to 1955/56, quarterly issues Economic research, 1957, p.168ff. andH. *fupky*, Die long-term development of gross fixed capital formation in Central Germany, *ibid.* p. 591ff.

<sup>6</sup> The information is based on an estimate by the Four-Year Plan Office from 1945. See document NI-8915, Overview of invested values of the Four-Year Plan excluding coal and energy supplies.

the key function of the four-year plan products, especially their importance for the defense and armaments industry, for their smooth functioning they are the prerequisite created.

The ones from Four-year plan caused changes in the Economic structure are primarily reflected in a shift in the economic situation investments, a reallocation of production and a change in the regional distribution of industrial production. A balance sheet of investment activity of the four-year plan is best obtained by comparing the four-year plan investments with the development of the national product, the total economic fixed investment and the total industrial fixed investment.

Out of the above Table 17 results itself first one surprising Finding: Despite the investment program of the four-year plan, the investment rate increased, so the proportion the investments on national product, between 1936 and in 1942 never on the Status of year 1928. Even on average for the years 1937 and 1939, the years highest activity in the Construction more industrial Investments and in the expansion of the transport network, it was below that. This relatively low rate of total investment explained above all of deferral the Investments in the consumption-oriented areas in the period of the Four Year Plan, while before 1930 these were significant had played a role.

The four-year plan did not result in an increase in the overall investment rate compared to the level in 1928, but did bring about a significant change in the economic rate investment structure, the itself at the strengthen Increase of share of industrial investment in total economic investment. In the years 1925 until 1929 lay he at average 18%, 1937 until 1939 at 24%, from 1940 to 1942 even 30%. The Shift is particularly evident in one Comparison the Investments for the housing and the Industry. Puts

you the The amount of the respective industrial investments is the same in the different years Hundred, so they cheated Investments in housing construction in 1927 = 116%, 1929 = 143%, 1935 = 95%, 1936 = 103%, 1937 = 75%, 1938 = 58%, 1939 =

34%. This shows, among other things, how little the regime's propaganda thesis about one's own home and the socially subsidized housing construction corresponded to economic facts. At no point in the 1930s were the achievements of the much-maligned "System Era" even remotely achieved in this area.

A another, still more weighty Reason for that, that the Investment rate within the economic Overall balance relative small amount failed, resulted itself from the practice of the Reich Statistical Office of reporting the high military expenditure as public consumption, while part of it is actually attributable to (albeit unproductive) investments. Here - The share of defense spending in national income rose from 1 % 1928 to 16% on average for the year 1936 /38 - and not so very much the Four-year plan investments (the Yes not led to an increase in overall economic investment!), the main reason was that the production apparatus of the national economy was put under such great strain became.

Names the Four-year plan investments in the Comparison to the direct Armament costs only a modest amount - they were 1937/38 about an eighth of the Wehrmacht expenditure -, so they had within the industrial sector one outstanding Meaning. The above Lineup shows, that around 50% of all Industrial investments on the Four-year plan went back. Included omitted from the 13.25 billion RM Total expenses for purposes of Four-year plan (period 1936-1942) 41% up the petroleum industry, 21% up the metal sheep fende-, viscose and pulp industry and the Industry the Stones and Earth, 10% on Light metals and whose Pre-products and 12% on Powder, explosives and Pre-products<sup>7</sup>. As a result the one-sided strong boost Manufacturing goods industries theirs rose Portion at the entire industrial investments, the 1928/29 \_ 65% lay, in the years 1936/39 on 80% at, while itself the Portion the consumer goods industries accordingly decreased. The shows itself impressive when vVert and Volume development of investments in both areas is compared become<sup>8</sup>:

*Table 18*  
The Development the Industrial investments

	1928	1934	1935	1936	1937	1938	1939
<b>Manufacturing Goods Industries</b>							
<b>Value</b>	1717	700	1221	1637	2208	2952	3596
<b>volume (1928 = 100)</b>	100	49	86	1161	56	209	256
<b>Consumer goods industries</b>							
<b>Value</b>	898	360	415	522	635	739	836
<b>volume (1928 = 100)</b>	100	59	65	80	92	106	119

In the Years 1939 was The investment volume in production goods is more than two and a half times larger than in the boom year of the 1920s (1928), while in consumer goods only an increase of almost 20% entered. Clearly is the turning point in the years 1936/37. The The four-year plan decisively changed both the investment structure of the entire national economy and that of the narrower industrial sector in the sense of ever greater discrimination against the consumer goods sector. At the same time, this meant a one-sided privileging of the large corporations, which were predominantly found in the production goods industries, compared to the medium-sized and smaller companies that determined the image of the consumer goods industry, so that this wanted by the four-year plan and caused Shifting the investment focus Monopolization process in the German Business very accelerated has.

The remarkable expansion the Manufacturing Goods Industries through the Four-

<sup>7</sup> Overview above invested Values of four-year plan, *ibid*.

<sup>8th</sup> calculation after the Declarations in the Statistical Manual from Germany, 1928-1944, P. 606. The price adjustment took place with Indices for finished goods the means of production or Consumer goods industry, *ibid*. S. 460.



At the same time, the annual plan brought about a major change in the production structure of German industry. The extent of this can be illustrated by comparing investment activity and production development in the major industrial sectors. It becomes apparent that not only the relationship between the production and consumer goods industries as a whole shifted, but also characteristic changes within these groups entered.

Insightful is first the development of the Shares of the individual industrial groups in the total volume of industrial investments, which in turn influence future investments production possibilities.

From the overview (Table 19) goes highlight that in the thirties compared to 1928/29 two Investment boosts took place. 1934/36 developed itself The fastest is the share of the capital goods industry (electrical engineering industry, mechanical engineering, Vehicle- and shipbuilding, Precision mechanics and Optics). Here reflects The beginning of the rearmament, which primarily activated the state demand for finished products from the capital goods industry, in order to ensure the initial equipment of the new military units. Since 1937, growth has occurred as a result of the four-year plan policy the both main industrial plan areas, the mining and the Metallurgical industry and the chemical Industry, the together theirs Portion of 44% on 51 % could increase. At the same time, that decreased Weight of the consumer goods industry - a tendency that is already immediate after 1933 sees-

*Table 19*

Portion the individual Industries at the industrial Total investments <sup>9</sup>				
sector	annual averag e	Annual averag e	annual average	Annua l averag e
	1928/29	1934/36	1937/39	1940/42
I. Mining, basic materials and capital goods industries	54	54	62	64
of that				
Mining- and Metallurgical industry	25	25	27	
chemical Industry, fuel industry, Kali	18	19	24	
II. Capital goods industry	15	21	21	23
III. Consumer goods industry	31	25	17	13
of that				
Artificial silk and rayon	1.9	2.0	2.1	

<sup>9</sup> Calculations according to the information by *Rolf Krengel* and *Helmut Kupky* (Quarterly Issues on Economic Research, year 1957, p. 168ff.; p. 591ff.). The numbers of the subgroups were calculated according to the Statistical Handbook of Germany, 1928-1944, p. 605. To be noted is, that itself the Calculations Krengels and Kupkys only on the Area the today Federal Republic and GDR relate, the Calculations of the official Statistics, on the other hand, in the field of so-called "Altreichs". However, this does not change the magnitude.

bar was when one of the particularly supported sector of the rayon industry. This trend continued after 1939, so that in the Capacity structure the industry one strength shift in favor of the Basic industries took place.

This investment policy led to a corresponding shift in production figures. The following statistical overview about the Development the Shares of the individual industrial sectors at the industrial Net production between 1938 and 1944 shows this trend in the field of generation to <sup>10</sup>:

Table 20

Portion the Industry groups at the Indian Net production in %  
(German Rich, respective territorial status)

groups	1938	1939	1940	1941	1942	1943	1944
Basic materials	21	21	22	25	25	24	21
Armament device	7	9	16	16	22	31	40
buildings	25	23	15	13	9	6	6
Rest capital goods	16	18	18	18	19	16	11
Consumer goods	31	29	29	28	25	23	22
Industry in total	100	100	100	100	100	100	100

If you take into account the war-related ones Once the development of armaments equipment has been developed, the most important positive changes in the basic materials can be seen between 1938 and 1942. This sector, which corresponds to the planning area of the four-year plan was identical, could get its share of 21 % to 25% increase. Developments within this area were particularly expansive Sector the chemical industry, which accounted for 9% of industrial production in 1936 (1944: 12%) <sup>11</sup>. The share of raw materials only fell in the second half of the war, when all forces were focused on the production of War equipment was concentrated. This change in the production structure was not just the result of a changed capacity structure, but also the result of the war-related shift of labor away from the consumer goods industries. However, it would not have been possible if the investment policy of four-year plan, supplemented by economic policy curbing consumption, not the necessary prerequisites beforehand would have been created. This restructuring of the production and capacity structure of the German economy explains it, that after 1945 despite the huge Due to the destruction caused by the war, especially in the area of basic materials and capital goods industries, capacities were about the same as at the beginning of the war <sup>12</sup>.

<sup>10</sup> Calculated after dem Material, the from *Rolf car driver* (The German Industry in the war 1939-1945, aa 0., p. 191). became.

<sup>11</sup> Calculated after *Bruno Glide*, East Germans Business, Berlin 1956, S. 170 ff.

<sup>12</sup> - According to the calculations by *Rolf Kregel* (fixed assets, production and employment the industry in the area Federal Republic from 1924 until 1956, Berlin 1958, p. 94ff.) was the Gross fixed assets in sector I (mining, raw materials and production goods industry) 1939 29.77 billion DM, 1945 33.77 billion DM, in sector II (capital goods Industry) 1939 11.88 billion DM, 1945 12.76 billion (in prices from 1950).

The changes described above production structure corresponded to one Shift in regional production distribution. It was the result of a state-planned location policy that was determined not only by economic but also by political and military considerations. The corresponding influence of the Göring had already mentioned the state in the first decree implementation of the four-year plan. This became the Office for German Raw Materials and Materials and the Reich Office for spatial planning (in Cooperation with the industry) the Determination of the Transfer locations. Not codified, but still very large the participation of the Wehrmacht, represented by the VVerwirtschaftsstab. The reasons for the shift in the regional distribution of production lay in the political leadership's desire to counteract industrial concentration in the border areas, especially in the Rhineland, which is particularly threatened in the event of war. The Construction the military economy important Four-year plan  
·factories should before everything in the military for secure held medium- and East German area.

Strategically and economically, the area between Braunschweig, Magdeburg and Halle-Leipzig was particularly well suited for the new development. The natural prerequisites for the development of heavy industry were present in this area; the large German lignite deposits were found here before 1936 was at Hall one of the centers the chemical Industry developed. Next to the Leunawerk Merseburg were there after 1936 and a. the fuel synthesis plants from Zeitz, Magdeburg and Böhlen, the Bunawerke from Schkopau and the Bitterfeld aluminum works were built. Despite the simultaneous construction of the Fuel Works Gelsenberg and wesseling and of Bunawerks Hüls in the German "Vesten was the focus of the hydrogenation and Buna capacity in the central German area. Strategic considerations also led to the vwerk Oppau, a the first hydrogenation plants on Base Hard coal was not expanded further. East Germany only gained prominence after 1939, when the Four Year Plan authorities the Construction the Mineral oil works in Pölitz at Szczecin and Blechhammer/Silesia. Textile raw material factories had already been founded in Silesia, but was in this one Industry the regional distribution relative evenly. The fact that a number of Four Year Plan plants were built in the far west despite strategic concerns shows the conflicting interests of those involved in the planning. It couldn't with the various performances it will not happen that military and economic aspects were often in sharp contrast.

The effects of the location policy of the four-year plan can only be approximately determined due to the lack of differentiated statistical material. If you divide the former Reich territory into West Germany (today's Federal Republic), Central Germany (today's **GDR** without Berlin), Berlin and East Germany, you get the following: the southern Central Germany the regional main emphasis the Four-year plan for industries. Not in this contain are however the Reich works in the Salzgitter area, though she for the new "Industrial center of Central Germany" to calculate are.

The Portion Central Germany at the industrial Total production of Empire increased itself within three years, between 1936 and 1939, on Costs VWest Germany from 24.6% on 26.6°/4 <sup>13</sup>. The strongest shift in favor of Central Germany was seen in the basic materials industry and here again in the chemical industry (including the fuel industry), where the corresponding share increased from 26.3% to 31%. East Germany, the weakest industrial area of the Reich, also benefited to a modest extent from the four-year plan after 1939, so that itself ultimately that weight of the German vVe at least reduced. Thanks to the traditional strength of the Rhine-Ruhr area, this did not have a major impact on the industrial sector as a whole and on the basic materials industries was the shift however considerably.

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<sup>13</sup> Calculated after *Bruno Glide*, *East Germans Business*, a. a. O., S. 170ff.

Within his political strategy had Hitler the four-year plan originally assigned a double task: to carry out economic rearmament in line with the military one and to strengthen the German food and raw material base in the years before the outbreak of war to such an extent that the regime was independent of foreign countries. The National Socialist leadership hoped that after four years of concentration of forces, they would have a decisive military and defense economic lead over the expected ones opponents that she could risk war. Also the structural changes introduced by the four-year plan the German national economy ultimately only this one main purpose, the Armament potential of the Reich to increase. It is for this reason to check, whether the target, the armor strength accordingly the requirements of a global war to enlarge, reached became.

One of the American ones Economist Raymond Goldsmith's comparison of estimated arms production between 1939 and 1943 seems to agree contradict<sup>15</sup>. After this List (Table 21) shows that Germany's production stagnated in 1940/41, so that it 1941 from Great Britain and the Soviet Union surpassed became. The with it given relation from three to one in favor of the

*Table 21*  
Estimated Arms production in l'vld. dollar (Prices from 1944)

	1939	1940	1941	1943
Germany	3.4	6.0	6.0	13.8
Great Britain	1.0	3.5	6.5	11.1
Soviet Union	3.3	5.0	8.5	13.9
USA	0.6	1.5	4.5	37.5

Allied powers could only get worse with the entry of the United States into the war, a fact that no German economic plan could correct. It However, there would be a wrong one picture of the performance of Four-year plan, it would be measured solely by the overwhelming Allied preponderance since 1943 and itself in addition only at the Global numbers the Total arms production

<sup>14</sup> Please refer also *Burton H. Small*, Germany's Economic Preparations for vVar, a. a. 0., S. 104 to 147. Short Hints also at *Rolf car driver*, The German Industry in the wars, a. a. 0., S. 122 124.

<sup>15</sup> *Raymond W. Goldsmith*, The Power of Victory. Ammunition output in World War II. Military Affairs, 1946, p. 72ff.

that were only indirectly related to the four-year plan. Rather, in order to assess the military success or otherwise of the four-year plan, it is primarily necessary to examine those determinants of the armaments potential that were directly linked to the plan, priority so the care the VVirtuality with Raw- and Basic materials, but secondarily also what is available Work potential.

According to the available studies by Klein and Wagenühr it existed until 1943 neither at Manufacturing capabilities still at workers a *so* greater Deficiency that would have significantly hampered arms production. "High stocks of machine tools, relatively low Working hours in the capital goods industries, absolute predominance of work in a shift" (vWagenühr) <sup>16</sup> are clear indications that arms production - apart from special bottlenecks - was not hindered by a lack of capacity in the first half of the war. Something similar applies for the Supply of labor <sup>17</sup>. The average working time in the industry was 1943 only 4% above the level of 1939 and the number of housemaids even increased until 1944. Another sign that this is the case The fact that the total labor potential available for the war industry was not fully exhausted is the fact that the proportion of workers in industries important to the war effort (metal processing, chemistry, etc.) employees In 1943 in Germany it was 27%, in Great Britain it was 32% lay. Alles These facts indicate that arms production was not initially limited from this side.

Is the Explanation for the relative low increase the Arms production then in the supply of raw materials to seek? At *Rubber*, the since Hardly any outbreak of war more imported could be, originated 1940 big bottleneck, because the construction of the Buna factories had been delayed by several years. For consumption in the inland was standing for this reason 1940 only the half of Offer the Years 1937 /38 available. However, this shortage was already overcome in 1941 and in 1942 the supply of rubber was 100,000 thanks to Buna production, which was now fully underway to even something greater as the consumption. At By 1939, Germany had become the world's largest producer of *light metals (aluminum and magnesium)*. Even the fact that no bauxite was mined domestically could not affect production the raw material from politically dependent, later from occupied areas could be imported (Hungary, Balkans). Norwegian and French production has also supplemented German production since 1940, *so* that There was even the possibility of substituting *heavy metals on a large scale*. The proved proved necessary because Germany has large refinery capacities at Lead, Copper and tin to a large extent dependent on foreign countries was. Only at zinc could the Ore requirements for the are predominantly covered by in-house production. Initially expectations for *iron* were not met , the man at the Construction the Reich works in Salzgitter tied

<sup>16</sup> Rolf car driver, The German Industry in the wars, a. a. 0., S. 123.

<sup>17</sup> For this Burton H. Small, Germany's Economic Preparations for war, a. a. 0., S. 136ff.

had. The Own production at ores rose only few above 5 billions to (Fe content), so that imports remained vital for Germany and in 1941/42 even amounted to three times the amount of domestic production. Despite the failure of the four-year plan in this area, no threatening bottleneck arose because imports were secured by the occupation of Lorraine and Luxembourg. The relatively low capacity expansion of the iron and steel industry in the pre-war period initially had little effect as steel production at existing capacities of over 23 million tonnes on average in 1940/43 "Old Reich" only amounted to 20 million tons and therefore considerably below that As of 1938/39. Iron and steel were therefore not really limiting factors in war production. *Chemicals important for the war effort* (nitrogen, nitric acid, sulfuric acid, etc.) were available in sufficient quantities. Proof of this is the The fact that the consumption of nitrogen in agriculture in 1940/41 was even higher the Years 1937/38 lay. Similar cheap designed itself until 1943 the Supply location at Money, the at quickly rising production in the main consumption areas was plentiful. Temporary Bottlenecks had their origin once in the Transport difficulties and, on the other hand, the high level of exports to our friendly Italy. It was not until 194.3 that the difficulties in the Reich increased, but even then production was less the decisive factor than transport capacity. Not immediately The *oil problem* was closely related to war production, but also to direct warfare . Although the most serious setbacks and crises were feared in this sector, it existed until 1942 no the War strategy more debilitating Shortage. The Own production from the hydrogenation and synthesis works rose steadily, if also not on schedule, on; on the other hand, the Wehrmacht needed smaller quantities than expected. The empire also decreed in high Dimensions above the Romanian and for a few Months also over parts of the Soviet Oil economy. Only since 1943, with the military setbacks on the Eastern Front, disrupted transport connections and the rapidly increasing Wehrmacht needs, exceeded that Clearly the demand existing quantity. In the following Year became then with the strategic Bombing raids on the German hydrogenation plants made mineral oil the main problem of the war economy <sup>18</sup>.

The subsequent Lineup accounted for the different was standing the Care in the Summer 1940. Although very cautious formulated, she shows a total of one Start of war didn't expect favorable situation, so that from a short- term collapse the German raw material supply no be speech could. Thus confirmed itself the Verdict Rolf ·wagenführers, one the best connoisseur the German one War economy, that "to mid 1944 ... in the German Economy no general difficulties in the Raw material supply" passed <sup>19</sup>. This is allowed however two things not overlook become: once was the not only a result the Four-year plan policy - much more had to it the exploitation occupied

<sup>18</sup> For this *birch field*, The synthetic fuel 1933-1945, a. a. 0., S. 160ff.

<sup>19</sup> *Rolf car driver*, The German Industry in the wars 1939-1945, a. a. 0., S. 5Z.

Table 22

On which Time Those are enough individual sources of supply  
based on experience the first half of 1940 <sup>20</sup> ?

raw material	annual producti on tion suffices	year import ed for how much	Stocks including prey contribute?	total
Coal , mineral oil and fuels , iron	13	0		unlimited  almost unlimited at least 1 year, expected longer
Manganese		1	7	approximately 2 Years
nickel		1¼	7	barely 1 Year
chrome		4½	16	1½ Years
tungsten	1½/3	½	11	barely 1 Year
molybdenum	1/3	½	10	barely 1 Year
vanadium	5	1/3	11	above 1 Year
copper	1	2¼	9	1 Year
tin		3¼	20-30 _	2-3 Years
Lead		2¼	12	several Years
zinc	10	2	13	nearly unlimited
aluminum		8th	13	nearly unlimited
antimony		10	36	several Years
mercury	0	16	10	unlimited
sulfur	8th	3	6	several Years
asbestos				approximately 1 Year
graphite				unlimited
phosphate				barely ½ year
Nitrogen				several Years
Stone- and Potash salt				unlimited
rubber	7	2	4	1 Year

areas an important share; for the applied to others this only with the relatively low arms production until 1941/42. When, in view of the military defeats, the final armaments production had to be doubled in 1943 compared to 1940 and even tripled in 1944, the raw material problem worsened and became apparent Limits of German possibilities. According to Kaldor <sup>21</sup> estimates , the raw material situation would have been - if no War destruction in the Reich took place had - at most

<sup>20</sup> Memorandum *Castle of peace*, The German Raw- and Fuel situation 1939-1940, B.A Defense economy-armor -VVi I F 5/2199.

<sup>21</sup> *Nicholas Kaldor*, The German War economy, Manchester 1946, S. 5.



a further increase in production by 25 to 30% permitted, so that the shortage of raw materials In any case, 1944 would have initiated Germany's defeat in the "War of the Factories". Despite this restriction, it remains to be noted that at least in the first years of war in the essential thanks to of The four-year plan achieved an astonishing expansion of arms production. In this respect, the four-year plan can be said to be a relative military success .

The previous analysis and the related one However, strong emphasis on the arms industry aspect should not lead to the four-year plan only with Military economy or even total militarization of the national economy. This opinion of National Socialist economic policy is erroneously expressed even by outstanding experts on the National Socialist regime such as Wolfgang Sauer represented, who measured the four-year plan policy as follows judged <sup>22</sup> : "Hitler's Four Year Plan Program risked consciously the Ruin of the German economy in the hope of being able to rehabilitate it through a war waged as a loot... When Hitler turned to overexploitation in 1936 of four-year plan decided was he in more foreseeable Time forced to open a war if his economic policies do not end in catastrophe should." This thesis from the all-encompassing mobilization the Economy for the purposes of war preparation is contradicted by the fact that with an annual investment volume of two billion RM - that was around two to three percent of the national product - those back then second largest Industrial economy the world could not be ruinously overloaded. The limited size of the plan programs as well as the fact that even in the first years of the four-year plan (1936/39) the production of consumer goods still increased by 30% increased, disprove the idea the complete militarized predatory economy. With it should neither the diverse influences of the four-year plan on the structure of the peace economy his later ones function in the first war years reduced in size become. But it is missed, in the four-year plan only a perfect instrument to see the preparation for war, that he - against the declared intention of its initiators - never became.

If the The military economic importance of the four-year plan was therefore less great than Hitler originally expected the Plan for political freedom of movement of regime is extremely important. Hitler believed for his Foreign policy of threats and blackmail for extensive economic independence opposite dem abroad too need and had also in this Intention Göring was given economic policy powers. The object lesson of the economic sanctions imposed on Italy on the occasion of the Abyssinia operation probably played a role in this at the time. Anclers than Italy, that with help of Rich the economic boycott supernatant, could Germany at Hitler's ambitious goals political and military goals in one similar Possibly difficult with accordingly more effective Help calculate. Actually caused the

<sup>22</sup> Bracher/Sauer/Schulz, \nach1.ergreifnng, a. a. 0., S. 755.

Four-year plan in the years that followed, a certain degree of security for the regime's ability to act in foreign policy. This is even more astonishing as the demand Hitler's, Germany against them coincidences of VWeltmarkt and To make the four-year plan immune to possible economic repression from abroad until 1939 Fulfills become could. In the Opposite: The German economics was in the years before the outbreak of war was just as intertwined with the world market as in the years 1934/36 <sup>23</sup> and in particular foreign dependence for the most important raw materials decreased initially hesitantly. They would have foreign governments Hitler's Foreign policy with one comprehensive Veconomic blockade If answered, the weakness of the economic "rearmament" would have become visible. Instead The four-year plan was able to do that last but not least thanks its propagandistic effect on the foreign observers who - In this, they were completely the victims of national socialist slogans - the majority of whom identified the four-year plan with a well-functioning autarky plan and contributed to Hitler's foreign policy successes.

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<sup>23</sup> A goods Gauge for that is the Portion the Imports at the National income. He fraud  
1934•: 8.5%, 1935: 7.1%, 1936: 6.4%, 1937: 7.5%, 1938: 6.7%, 1939: 5.8%.

### III. FINAL CONSIDERATIONS

When assessing the four-year plan as a whole, various aspects must be distinguished. In connection with the question of the effects that the four-year plan has on the structure of the regime and of society, the question also arises as to the extent to which the four-year plan fits into the usual categories of economic doctrine can be classified. As far away from a complete planned economy as from a liberal market economy, seems that The economic order represented by the four-year plan was just as categorical to revoke, How she on the other hand \1 features as well as of the (pre-libcral) mercantile like the late capitalist (monopolistic) VYeconomic system having .

Two features were particularly characteristic: Firstly, the principled respect for private property by the National Socialist leadership, although also the in the Sign of four-year plan constructed state Pursue were organized in the form of private companies and fit seamlessly into the private capitalist system. That corresponded the high assessment of the entrepreneur by the National Socialist leadership, which led to Prototype efficient Action was ideologized and in this respect became a model for the construction of new forms of order of the leader state develop could.

Closely with it connected is a second characteristic the new Order, namely the cooperation from Country and Big business at the Realization of self-sufficiency plans. The National Socialist leadership's political interests in internal militarization and economic preparation for war also fell dem interest an important one and finally of the strongest and most influential part of the German economy in building a new profitable industry and in exerting influence on the state Economic policy together. With the The formation of this coalition created two rival wings in the German economy, whereas previously there was a united front despite different individual interests within the private sector available been was, as man had tried to jointly exert its influence within the state and of society to obtain. The meant also, that the National Socialist guide with Help the parts that are closely linked to state economic management, particularly large-scale industry your Influence on the Overall economy strengthen and in the Follow-up time too the Wehrmacht staff out of the Veconomic policy push out could.

The organization and personnel structure of the four-year plan reflected this development. Disregarding German administrative traditions, industrial representatives became important officials of economic policy, as well as entrepreneurial activity in total itself to one quasi-public Task ent

wrapped. At the same time, the personal and material merger of industrial and state areas also led to private penetration of economic policy, to theirs "Privatization" in favor of large ones monopoly groups, so that the state could be destroyed in two respects - by the regime and by large companies - and usurped by individual power groups .

As long as one is aware that "the state" had qualitatively changed in the area of economic policy dominated by the four-year plan and more of the described alliance of the regime with parts of large industry than usual sovereign sphere, can man the from the Four-year plan embossed V economic system as a "state" command economy (which, however, never completely replaced the liberal market economy). Even if this new system arose from the regime's desire for military self-sufficiency, that is, it was oriented towards the exceptional state of war and was shaped by its spirit, without itself being a war economy, it should not be forgotten that this order is more than... only was a militarily expedient attempt at self-sufficiency. In it, at least to some extent, an economic view was realized, which saw itself as a conscious antithesis to liberal, but also socialist forms of economics. This new economic ideology was time-related, as she in special favored became through the Collapse of liberal capitalism World economy between 1929 and 1933 and the transformation of important branches of the world economy into monopolistic large-scale industry, which led to its smooth operation Function the close cooperation with dem state and constant state intervention was required. These requirements place the four-year plan in a larger temporal context and make it - despite all its specifically National Socialist character - a particularly important model example not just a state command economy, but also close **cooperation** between the state and large businesses, which has become increasingly typical since the First World War at the latest became.

A important characteristic of the four-year plan was his Limitation to Sub-areas of the economy. Although there have been repeated attempts to develop a more comprehensive plan concept, the four-year plan remained a heterogeneous bundle of individual programs and measures - in addition to the industrial plans, these included pricing policy, labor and raw material management and the many special and immediate programs -, with the help of which Self-sufficiency goals should be realized. At all Elasticity in detail, how she for example at As the possibility of focusing on a particular industry becomes clear, this system has always been characterized by the uncertainty and weakness of limited economic planning at. This can be seen in the many planning mishaps and the difficulties the implementation, the overall the "productivity" of the four-year plan is very limited and they - without precise quantitative evidence being possible - probably below the economic efficiency of a fully liberalized or full planned systems sink let. A such Comparison is however

doesn't make too much sense, given the current social situation and historical situation these alternatives did not even exist; One was eliminated because there was no longer a functioning market economy and also for the regime would have meant unbearably long economic adjustment processes; The other alternative was not up for discussion for political reasons, since full planning would make the regime, at least in its external forms, angry with him fought "Marxism" approximated would have. So - and not only economically

- considered, was the with dem Four-year plan practiced Partial planning at ultimately all the associated economic friction losses for the Nazi leadership but the most useful Solution, which in addition very simply in the system of the leader state classify let.

The same applies to the institutional aspect of the four-year plan. Although the Four-Year Plan Office claimed to be the highest management body of the economy and at the same time a competing administrative authority to the state economic bureaucracy in many areas became, remained the four-year plan under the conditions of the regime - which was characterized by the coexistence of state bureaucracy, special authorities and private apparatus - necessarily in Half measures stuck, yes he himself became in this for the reduced in size Mirror image of what applied to the leader state as a whole. This lack of organizational consistency virtually challenged the usurpation of the comprehensive powers given to him by Hitler by individual representatives, and given the anarchy that actually prevailed within the Four-year plan bureaucracy was it not surprising that particularly dynamic characters like Kill him could undermine the apparatus of the Four Year Plan from within. There was also a certain thing about Death and Speer continuity to Economic organization after 1942 manufactured, there itself both based on the Four Year Plan model when setting up their own authorities and Speer's Central Planning like also his planning office accordingly Role models in the organizational structure of the four-year plan.

This continuity may however not overemphasized become, there the Government office spear - although emerging from the organizational logic of the Four Year Plan - Ultimately, the cornerstones of the four-year plan: partial planning and the system of special commissioners had to be eliminated in order to achieve comprehensive control of the German war economy to reach. Next to some institutional Rudiments remained after 1942 only nor those Idea of self-sufficient Large-scale economy was preserved, which once corresponded to the compulsions of the war, but would also have become the guiding principle of the economy in Europe in the event of a national socialist victory. The The period of the four-year plan was therefore irrevocable in 1942 over because the plan at the latest in addition point in time than the longer duration of the war was recognized, through new contents and forms of economic policy, especially through a comprehensive one planning replaced become had to, his focal Limit straight away ran counter to.

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